



**Long Beach Water**

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1800 E. Wardlow Road, Long Beach, CA 90807-4931  
562.570.2300 | lbwater.org

**Board of Water Commissioners**  
January 23, 2020 Board Meeting

CHRISTOPHER J. GARNER, General Manager

**Subject:**

Authorize the General Manager to execute the Memorandum of Understanding Regarding Improvement and Transfer of Portions of the Port of Long Beach Water System to the Long Beach Water Department.

**Executive Summary:**

The portion of the Port water system being evaluated for transfer consists of approximately twenty-one miles of water mains out of the total 104 miles of water lines within the Harbor District. Port of Long Beach (Port) and Long Beach Water Department (LBWD) staff collaborated to develop a Memorandum of Understanding (MOU) for the transfer of a portion of the Port's water system to the LBWD. On January 13, 2020, the Board of Harbor Commissioners authorized the Port Executive Director to execute the MOU.

The first step outlined in the MOU is to perform an Assessment Study of the existing Port water system conditions, identify any improvements needed to meet LBWD standards and State requirements, and estimate a cost for the required improvements. The Assessment Study will additionally recommend infrastructure improvements or practices which are compatible with, and facilitate the use of, alternative water supplies, and it will not recommend infrastructure improvements and practices which preclude the use of alternative water supplies.

Throughout the work conducted under the MOU, the Board will be provided updates at key milestones. The first of these milestones will be the completion of the Assessment Study, after which LBWD and Port staff will present to the respective Boards the Assessment findings and recommendations before bringing any recommended improvement projects to the Boards for consideration. If the Boards elect to proceed with the recommendations of the Assessment Study, Port would then make funds available to Water in an escrow account prior to the initiation of each improvement project, and LBWD would then proceed to contract directly with a contractor and provide project management services for each improvement project.

The MOU provides for a two-phase transfer process. If deemed feasible by the Assessment, the first phase would consist of LBWD taking over operations of the Port water system prior to completion of all improvements. Prior to the completion of all improvements, the Port will remain responsible for all costs and liabilities associated with the Port water system. The second phase, the transfer of the water mains assets to LBWD, is contingent upon completion of all improvements. Upon completion of all the improvements, the new and improved water mains of the Port will become part of the City of Long Beach water distribution system to be operated and

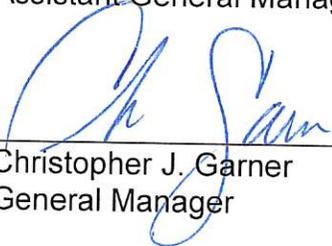
maintained by LBWD. The Port will be responsible for repairs of water mains transferred to LBWD that are not replaced or improved as part on an improvement project for their remaining useful life under a declining share schedule to be defined by the Assessment Study, up to a maximum of 30 years.

**Recommendation/Fiscal Impacts**

Authorize the General Manager to execute the Memorandum of Understanding Regarding Improvement and Transfer of Portions of the Port of Long Beach Water System to the Long Beach Water Department.

**Fiscal Impact:** If approved, in accordance with the MOU, LBWD would agree to contribute \$363,273 of the settlement funds from City of Long Beach versus Tidelands Oil Production Company. The Port would be responsible for the remaining costs of the Assessment, as well as all subsequent costs to design and construct improvements identified in the Assessment Study, including LBWD staff time spent directly working on the improvement projects.

  
\_\_\_\_\_  
B. Anatole Falagan  
Assistant General Manager  
1/15/2020  
Date

  
\_\_\_\_\_  
Christopher J. Garner  
General Manager  
1/16/2020  
Date

Attachment

OFFICE OF THE CITY ATTORNEY  
CHARLES PARKIN, City Attorney  
333 West Ocean Boulevard, 11th Floor  
Lana Beach, CA 90802-4664

1 MEMORANDUM OF UNDERSTANDING BETWEEN THE BOARD OF  
2 HARBOR COMMISSIONERS OF THE CITY OF LONG BEACH AND BOARD OF  
3 WATER COMMISSIONERS OF THE CITY OF LONG BEACH REGARDING THE  
4 IMPROVEMENT AND TRANSFER OF PORTIONS OF THE PORT OF LONG BEACH  
5 WATER SYSTEM TO THE LONG BEACH WATER DEPARTMENT  
6

7 This MEMORANDUM OF UNDERSTANDING (“MOU”) is entered as of  
8 \_\_\_\_\_, 2019 by and between the BOARD OF HARBOR  
9 COMMISSIONERS OF THE CITY OF LONG BEACH (“Harbor”) and the BOARD OF  
10 WATER COMMISSIONERS OF THE CITY OF LONG BEACH (“Water”) with regard to the  
11 transfer of the Port of Long Beach water system from Harbor to Water.

12 WHEREAS, Harbor currently operates the Port of Long Beach water  
13 distribution system and facilities related thereto, more particularly depicted on Exhibit “A”  
14 attached hereto (“Port Water Facilities”) and as amended at a future date at the completion  
15 of an assessment of the Port Water Facilities; and

16 WHEREAS, Harbor proposes to transfer the Port Water Facilities to the Long  
17 Beach Water Department (“LBWD”), and in connection therewith, to add the Port Water  
18 Facilities to LBWD Permit No. 1910065 (the “DDW Permit”) issued to LBWD by the  
19 California Water Resources Control Board – Division of Drinking Water (“DDW”), pursuant  
20 to which LBWD operates its water utility; and

21 WHEREAS, the Port Water Facilities in their current condition are estimated  
22 by Harbor to be valued at approximately \$7 million, however the proposed transfer will  
23 increase LBWD operating expenses while not resulting in additional volumetric water sales  
24 to the LBWD; and

25 WHEREAS, Harbor and Water acknowledge that certain improvements to  
26 the Port Water Facilities will be required in order for the Port Water Facilities to meet DDW  
27 Permit standards and LBWD operating rules, regulations and standard practices, and that  
28 the transfer of the Port Water Facilities shall be conditioned upon the completion of such

1 improvements and acceptance thereof by LBWD; and

2 WHEREAS, Harbor and Water desire to reduce dependency on potable  
3 water within its jurisdiction to ensure resiliency in drought conditions, reduce or eliminate  
4 storm water discharge into Harbor waters, and maximize the reuse of storm water and  
5 recycled/treated water; and

6 WHEREAS, Harbor and Water desire to work together to ensure successful  
7 completion of such improvements and ultimate unconditional transfer of the Port Water  
8 Facilities to LBWD; and

9 NOW, THEREFORE, in consideration of the mutual terms and conditions  
10 herein, Harbor and Water agree as follows:

11 1. The above recitals are true and correct and are incorporated by this  
12 reference.

13 2. Following execution of this MOU by the parties, Harbor and Water  
14 shall jointly identify and select a qualified consultant to perform an assessment of the Port  
15 Water Facilities (“Assessment”), such consultant to be hired by Water. The Assessment  
16 may be phased for the purposes of transferring operation of the Port Water Facilities prior  
17 to the physical assets themselves should Harbor and Water agree that it is reasonably  
18 possible to do so for some or all of the Port Water Facilities. Harbor shall be solely  
19 responsible for the cost of the Assessment; except for \$363,273 of settlement funds from  
20 City of Long Beach v. Tidelands Oil Production Company, et al, which Water shall apply  
21 towards the cost of the Assessment. The Assessment shall include sufficient detail to  
22 develop a short- and long-term operating plan for the Port Water Facilities, and to  
23 determine what improvements may be necessary to ensure compliance with DDW Permit  
24 requirements, water quality requirements, and LBWD operating rules, regulations and  
25 standard practices attached hereto as Exhibit “C” (collectively, the “Applicable  
26 Regulations”).

27 3. The Assessment shall incorporate findings agreed to by the Harbor  
28 and Water from the Port of Long Beach Recycled Water and Stormwater Harvesting

1 Feasibility Study and the West Long Beach Advanced Treated Recycled Water Feasibility  
2 Study with regard to the potential use of alternative sources of water within the area of the  
3 Port Water Facilities. The assessment shall recommend infrastructure improvements or  
4 practices which are compatible with, and facilitate the use of, alternative water supplies,  
5 and shall not recommend infrastructure improvements and practices which preclude the  
6 use of alternative water supplies.

7           4. The Assessment shall be used by Harbor and Water to form the  
8 basis of detailed designs and scopes of work for various projects (“Improvement  
9 Projects”) that will be necessary to ensure that the Port Water Facilities comply with all  
10 Applicable Regulations, and also address certain operational issues regarding (i) the area  
11 commonly known as the “Navy Mole” and (ii) the fact that certain Port Water Facilities are  
12 served by water facilities owned and operated by the LADWP. A final list of such  
13 Improvement Projects, jointly approved by Harbor and Water, shall be attached to this  
14 MOU pursuant to an amendment hereto.

15           5. Harbor and Water are not currently aware of any outstanding debts or  
16 liabilities related to the Port Water Facilities, however Harbor shall be responsible for any  
17 outstanding debts related to the Port Water Facilities to the extent they arise prior to the  
18 transfer of the Port Water Facilities from Harbor to Water.

19           6. LBWD shall take whatever actions necessary to secure the approval  
20 of DDW of the addition of the Port Water Facilities to the DDW Permit, including without  
21 limitation any amendments to the DDW Permit which may be required by DDW in  
22 connection with such addition, and Harbor shall assist with such actions to the extent  
23 necessary.

24           7. After completion of the Assessment, which could include one or more  
25 early phases, LBWD shall develop an interim operating plan, after which LBWD shall  
26 become the operator of the Port Water Facilities and all current Harbor water customers  
27 shall be required to submit applications for water service in accordance with LBWD rules  
28 and regulations. Prior to the transfer of operations of the Port Water Facilities, LBWD shall,

1 at Harbor's cost, install LBWD standard meters for each existing end-user of the Port Water  
2 Facilities at a location within the defined area of the Port Water Facilities.

3 8. Harbor shall transfer to LBWD all existing data, including but not  
4 limited to all maps, records, reports, customer account information, design and as-built  
5 drawings, inspection data, Health Department inspection approvals, maintenance data,  
6 operation and maintenance manuals, performance data, and survey coordinates, at all  
7 horizontal angle points and pipeline intersections for the Port Water Facilities. The survey  
8 coordinates shall be similar to the coordinates used by LBWD, or if not similar, Harbor shall  
9 provide the translation equations for the survey coordinates such that LBWD can translate  
10 the survey coordinates from Harbor base to LBWD base. Harbor shall provide and pay for  
11 any and all additional data necessary for studies, design and construction of the  
12 Improvement Projects. Upon completion of each Improvement Project, LBWD shall deliver  
13 complete copies of all applicable design documents, as-builts, and other data to Harbor.

14 9. LBWD shall furnish necessary administrative, engineering and  
15 inspection services to ensure compliance with the Applicable Regulations in connection  
16 with all Improvement Projects.

17 10. Water and Harbor shall jointly establish the design and scope of each  
18 Improvement Project generally based on the Assessment but without limiting such design  
19 and scope to those identified by the Assessment, it being understood that each such design  
20 and scope of work shall ensure compliance with all Applicable Regulations. Harbor shall  
21 be solely responsible for the third-party costs of design and establishment of scope of work  
22 for each Improvement Project. Harbor shall pay for LBWD staff time (at the applicable fully  
23 burdened rate exclusive of any departmental overhead) spent reviewing the Assessment  
24 and negotiating during the establishment of the scope of work for each Improvement  
25 Project. After the establishment of such scope of work, Harbor shall thereafter be  
26 responsible for the reasonable costs of LBWD staff time (at the applicable fully burdened  
27 rate exclusive of any departmental overhead) spent working in connection with the  
28 Improvement Project. LBWD will develop and provide its proposed staffing plan for each

1 improvement project for review by Harbor prior to initiating work.

2           11. Upon completion of the design and scope of work applicable to an  
3 Improvement Project, LBWD staff shall prepare a notice inviting bids and shall select a  
4 qualified contractor to perform each Improvement Project in accordance with standard  
5 LBWD procedures and practices. Water shall contract directly with the selected contractor  
6 and shall provide project management services for each Improvement Project; provided,  
7 however that Harbor shall be responsible for payment of all costs associated with each  
8 Improvement Project by making funds for Improvement Projects available to Water in an  
9 escrow account prior to the initiation of each Improvement Project.

10           12. After LBWD begins operating the Port Water Facilities but prior to the  
11 Final Date of Completion (as defined below), Harbor shall remain liable for all costs and  
12 liabilities associated with the Port Water Facilities, including without limitation those  
13 portions which may have already been replaced or improved pursuant to an Improvement  
14 Project, and further including without limitation costs associated with non-revenue-  
15 producing water used in the operation of the Port Water Facilities, LBWD staff time (at the  
16 applicable fully burdened rate exclusive of any departmental overhead) materials, and  
17 direct costs associated with the operation of the Port Water Facilities, and any and all legal  
18 liability associated with the operation of the Port Water Facilities. Notwithstanding the  
19 foregoing, Harbor's liability under this Section shall be limited to the extent that such above-  
20 described costs result from the negligence of LBWD or its employees.

21           13. Harbor shall at all times be financially responsible for cleanup of any  
22 hazardous materials associated with the Port Water Facilities even if discovered after the  
23 Final Date of Completion. Harbor shall pay for hazardous material clean up or remediation  
24 and the ultimate disposal of such material caused by the presence of such hazardous  
25 materials in the immediate area of the Port Water Facilities, and shall indemnify Water  
26 against any third-party claims brought against Water as a result thereof. Harbor shall pay  
27 for the rehabilitation and/or replacement of any Port Water Facilities which are adversely  
28 impacted by the presence of such hazardous materials. Prior to any cleanup work

1 conducted to remedy these contemplated conditions, Water will seek Harbor's input on all  
2 means of managing hazardous waste including selection of the disposal facility. Harbor's  
3 input will be incorporated into Water's management plans. Notwithstanding the foregoing,  
4 Harbor's liability under this Section shall be limited to the extent that LBWD and/or its  
5 agents are directly responsible for the presence of such hazardous materials.

6 14. Upon the Date of Final Completion (as defined below), title to the Port  
7 Water Facilities upstream of any customer meter shall be automatically vested in Water,  
8 and Harbor shall thereafter have no title, right, or interest in them. Such facilities shall be  
9 connected to and become part of the City of Long Beach's Water Distribution System, and  
10 shall be operated and maintained by LBWD in accordance with standard LBWD rules and  
11 regulations; provided, however, that Harbor shall remain liable for costs associated with  
12 non-revenue-producing water used in the operation of the Port Water Facilities. The date  
13 on which LBWD inspects and approves of the final Improvement Project shall be the "Date  
14 of Final Completion". On and after the Date of Final Completion, Water shall be responsible  
15 for any and all liabilities associated with the operation of those portions of the Port Water  
16 Facilities which were replaced or improved pursuant to an Improvement Project, subject to  
17 Harbor's ongoing obligations under Section 12 with respect to hazardous materials and  
18 subject to the requirement that all such portions of the Port Water Facilities are covered by  
19 at least a one-year warranty from the manufacturer and/or installation contractor. On and  
20 after the Date of Final Completion, Water and Harbor shall share any and all liabilities  
21 associated with the operation of those portions of the Port Water Facilities which were not  
22 replaced or improved pursuant to an Improvement Project in accordance with a Schedule  
23 to be established by the parties after completion of the Assessment and to be attached  
24 hereto as Exhibit "B" pursuant to a future amendment to this MOU, it being acknowledged  
25 by the parties that (i) the shorter the useful remaining life of a particular component of the  
26 Port Water Facilities, the higher the Harbor's initial liability share will be for such  
27 component, and (ii) the Harbor's liability share with respect to all Port Water Facilities will  
28 generally decline over a definite period of time (up to an expected maximum of 30 years)

1 until reaching zero. In no event shall Water be liable for the operation or replacement of  
2 any water facilities located downstream of a customer meter.

3 15. LBWD shall develop, design and construct temporary water facilities  
4 for Harbor tenants as necessary due to the impact of Improvement Projects. Harbor shall  
5 be responsible for all costs associated therewith.

6 16. Harbor shall, where possible for a reasonable cost, provide a ten-foot  
7 (10') wide area of protection on either side of existing Port Water Facilities or the water  
8 facility improvements associated with an Improvement Project where access can be  
9 promptly provided in case of emergency. Where the area of protection is less than ten feet  
10 (10') on either side, and an Assessment suggests that emergency access cannot be  
11 provided, Harbor shall indemnify and hold Water harmless from any claims resulting from  
12 the lack of prompt access, except in the case of negligence by LBWD.

13 17. This MOU, including all Exhibits, shall not be amended or any  
14 provision or breach waived except in writing signed by the parties which expressly refers  
15 to this MOU.

16 18. Harbor and Water and its contractor shall comply with all applicable  
17 laws, ordinances, rules and regulations of and obtain such permits, including Harbor  
18 Development Permits issued by Harbor, licenses, and certifications required by all federal,  
19 state, and local governmental authorities having jurisdiction over the construction  
20 described in this MOU.

21 19. Water shall charge customers within the Harbor District such rates,  
22 fees and charges as adopted by the Board of Water Commissioners of the City of Long  
23 Beach and approved by the City Council of the City of Long Beach in compliance with the  
24 requirements of Section XIII of the California Constitution. If such rates, fees and/or  
25 charges for customers within the Harbor District are proposed by LBWD staff to be higher  
26 than rates, fees and/or charges for similarly-situated customers outside the Harbor District,  
27 then Water and Harbor shall meet to discuss potential methods to reduce such rate, fee or  
28 charge disparities.

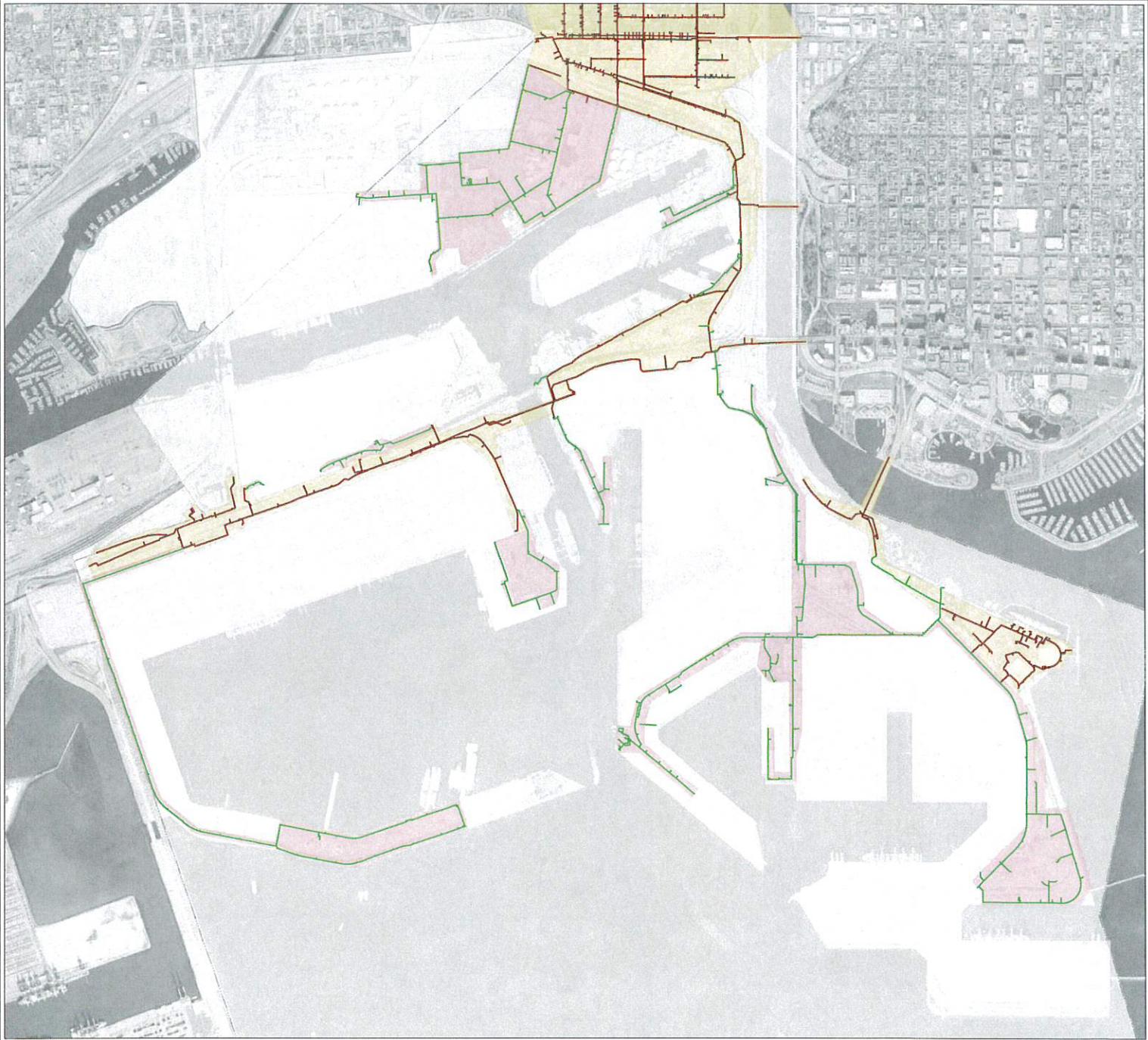
OFFICE OF THE CITY ATTORNEY  
CHARLES PARKIN, City Attorney  
333 West Ocean Boulevard, 11th Floor  
Lona Beach, CA 90802-4664

1           20.    Should any disagreements arise during the course of action called for  
2 by this MOU, then the respective staffs of Harbor and Water will follow the steps included  
3 in Exhibit D (Issue Resolution Ladder). The intent of the Ladder is to resolve disputes at  
4 the lowest possible level. Therefore the initial attempt to resolve a dispute always occurs  
5 at the lowest rung on the Ladder. Staff assigned will meet in person to discuss and try and  
6 resolve the dispute. If they are not successful, they will each advise the person in the  
7 position in the rung above them. At that point, the intent is that the staff that were not able  
8 to resolve a particular dispute are then free to continue to move forward with other  
9 undisputed work while management assigned above them works to resolve the dispute.  
10 This process is continued, if necessary, up to the heads of each Department and City  
11 Attorney. The managers, at each level, shall promptly meet in person with each other to  
12 resolve the disagreement.

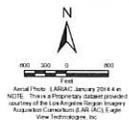
13           21.    This MOU shall remain in effect until mutually terminated by Water and  
14 Harbor. Any amendments to this MOU shall be in writing and approved by the respective  
15 Boards of Harbor and Water.

16		
17	Dated: _____, 2019	Dated: _____, 2019
18	BOARD OF WATER COMMISSIONERS OF THE CITY OF LONG BEACH	BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LONG BEACH
19		
20	By _____	By _____
21	Chris Garner General Manager	Mario Cordero Executive Director
22		

23	Approved as to form this _____ day of _____, 2019	Approved as to form this _____ day of _____, 2019
24		
25	CHARLES PARKIN, City Attorney	CHARLES PARKIN, City Attorney
26	By: _____	By: _____
27	Richard F. Anthony	David Albers
28		



- POLB Water Pipe Proposed Transfer - Active (107,500 LF)
- LBWD Water Pipe (Active)
- Region of Proposed Operation Transfer
- Region of Existing POLB Operation
- Region of Existing LBWD Operation
- Harbor District Boundary
- Port Operations Boundary



## Exhibit A

### Existing Water System at Harbor District

Regions of Existing POLB Operation, Existing Long Beach Water Department Operation and Proposed Asset and Operation Transfer



## Exhibit C

Following is the list of documents to be referenced as Exhibit C.

Copies of documents are not attached directly as part of the MOU because the documents contain a large number of pages, many of the referenced documents are regularly updated, and some of the standard operation procedures (SOP) are still currently under development.

No.	Title of the Document	No. of Pages
1	LBWD Water Permit Issued by DDW	66
2	LBWD Rules, Regulations and Charges Governing Potable Water, Reclaimed Water, Sewer Service, and the Water Conservation and Water Supply Shortage Plan	95
3	Long Beach Cost of Service Report (Reduced)	105
4	Contract Documents and Specifications	1,106
5	LBWD Developer Design Guidelines	5
6	California Regulations Related to Drinking Water April 16, 2019	346
7	SOP - Meter Exchange and Maintenance LBWDMM01	4
8	SOP - Meter Installation Contractor LBWDMM02	6
9	SOP - NPDES Direct and Indirect Water Discharges LBWDBMP01	5
10	SOP - Soil Sampling Procedures LBWDOPSO01	3
11	SOP - Water Construction - Main Replacement LBWDWC01	Under development
12	SOP - Water Construction - Main Breaks LBWDWC02	Under development
13	SOP - Water Construction – New Service Developer Jobs LBWDWC03	Under development
14	SOP - Water Construction – Service Leaks LBWDWC04	Under development
15	SOP - Water Construction – Miscellaneous Work Orders LBWDWC05	Under development
16	SOP - Water Backflow Testing - Meter Shop LBWDBFO01	3
17	SOP - Water Services and Main Breaks - Valve Operations LBWDVO01	3
18	SOP - Water Valve Operations LBWDVO02	6
19	SOP - Water Quality Sampling for Customer Complaints LBWDVO03	Under development
20	SOP - Water Quality Flushing LBWDVO04	Under development
21	SOP - New Employees Safety Training LBWDSTY01	Under development

**EXHIBIT D  
ISSUE RESOLUTION LADDER  
PORT OF LONG BEACH WATER MAINS IMPROVEMENT AND TRANSFER MOU**

