

RECEIVED

MAY 20 1993

GREENBELT FLOWAGE AGREEMENT
between
CITY OF RIVERSIDE AND THE GAGE CANAL COMPANY

GAGE CANAL CO.

This agreement made and entered into this 21st day of January, 1993, between the City of Riverside (referred to as City), a municipal Corporation, and The Gage Canal Company (referred to as Company), a California corporation.

Section 1:

Through this flowage agreement, City agrees to utilize its resources and facilities to provide suitable irrigation water for agriculture purposes on lands within Company service area which are not presently served by Company; and Company agrees to accept said irrigation water into the Gage Canal to carry and deliver to customers requesting service from the City of Riverside in accordance with the following provisions:

- A. Agriculture irrigation customers shall request water deliveries from City in accordance with City rules and rate provisions. Irrigation water will be provided under the "Greenbelt Irrigation" rate schedule. This rate schedule will be subject to revisions as deemed necessary by the Board of Public Utilities and the Riverside City Council in accordance with the City regulations. A current copy of this rate schedule is attached hereto as Exhibit A and incorporated herein by reference.
- B. The customer shall be responsible for coordination with the Company and for all costs for the installation of any pipeline, weir stand, valve or other facilities required to complete the delivery system to his or her property. Such installations shall be inspected, approved and supervised by the Company.
- C. The customer will be responsible for coordinating with Company the scheduling and delivery of water in compliance with the City rate schedule provisions and Company by-laws, practices, and procedures.
- D. City will deliver to the Gage Canal the water required to serve the customers under the rate schedule as follows:
 - 1. The primary source of water will be through the Olivewood Booster Station from wells owned and operated by City.

2. If, due to capacity or other constraints, the delivery through the Olivewood Booster station is not possible, City may request the Company to provide the water from the Olivewood wells operated by Company in accordance with then existing procedures and prices. Such deliveries will be at the sole discretion of Company.
 3. Additional required amounts will be diverted to the Gage Canal at the Linden station from existing deliveries to City through the Gage Canal pipeline.
 4. Other sources and delivery points as mutually agreed between the parties to this Agreement.
- E. The quality of the water delivered to the Gage Canal by City shall be such that it is suitable for irrigation of citrus or other fruit-bearing trees and would not cause any significant short or long term adverse effects to trees. If such water is found to be unsuitable for irrigation purposes, Company shall have the option of refusing to accept delivery from that source.
- F. The Olivewood Booster Station shall be operated in a manner which will not interfere with the operation of the Olivewood wells, and water deliveries shall be accorded the following priority:
1. Temescal deliveries.
 2. Gage/City Water Exchange Agreement deliveries.
 3. "Greenbelt" deliveries.
- G. Company shall bill City on a monthly basis for deliveries under this Flowage Agreement based on the cost of service associated with operating the canal in accordance with the provisions of Exhibit "B" attached hereto and incorporated herein by reference and utilizing the following methodology:
1. For each cost area listed below, determine the total cost and the percentage that each bears to the total of all Company expense accounts except the System Expense Account. The total of these accounts shall be net of all other flowing reimbursements.

- a. Canal section 2 expense
 - b. Canal section 3 expense
 - c. Water distribution expense
2. The share of Company System expense account shall be determined by multiplying the System Account balance by the sum of the percentages obtained in "1" above.
 3. The cost per Miner's Inch Day (MID), as defined in the Gage Canal Company By-laws, shall be the total of the costs in "1" and "2" above divided by the total MID delivered to shareholders, except City, in Canal Section 2 and Section 3 as identified in Company's records.
 4. Due to the additional delivery expenses associated with deliveries to small parcels of land, the delivery charge as assessed by the Company for parcels between two (2) and four and one-half (4.5) acres will be twice the above calculated amount, and those under two acres will be three times the calculated amount.
- H. Company shall also establish the initial set-up costs for each new customer delivery point based on the estimated expense for coordinating the installation of delivery systems, inspections, and administrative and general expenses.
- I. The initial rates for the costs outlined in Paragraphs G and H are set forth in Exhibit "B". Company shall review the costs experienced with providing service under this agreement on an annual basis and revise the charges in Exhibit "B" as necessary.

Section 2:

City and Company are aware of system facility constraints, most notably the Olivewood Booster Station pipeline capacity and the pipeline capacity across the Mockingbird dam, which may affect City's ability to meet additional delivery requests at some time in the future.

City shall pay for the necessary facilities to overcome these constraints if the herein described deliveries interfere with the ability of Company to provide service to its customers.

Section 3:

This Agreement shall be in effect as long as Company is in operation or as mutually agreed.

Section 4:

Irrigation deliveries will be provided and coordinated between City, Company and the customer as outlined in Exhibit "C" attached hereto and incorporated herein by reference and as revised from time-to-time as mutually agreed by management.

Section 5:

Nothing herein contained or arising from water deliveries to City's agricultural customers pursuant to the provisions herein shall be construed as making those customers shareholders or customers of Company or conferring any right to them to become shareholders or customers of Company. In making water deliveries in accordance with this Agreement, Company shall act as agent of City assisting City in the delivery of water to City's customers.

CITY OF RIVERSIDE, a municipal corporation

By:

Terry Fritzel
Mayor

APPROVED AS TO FORM

Robert A. Sams 12/30
ASST. CITY ATTORNEY

Attest:

Karen E. Lindquist
City Clerk

THE GAGE CANAL COMPANY, a California corporation

By:

J. E. Lamar
President

By:

Virginia L. Dew
Secretary

EXHIBIT "A"

SCHEDULE WA-8

GREENBELT IRRIGATION SERVICE

APPLICABILITY:

Applicable to agricultural users in the City Greenbelt area for properties previously served by the Gage Canal Company or other areas located in the Gage Canal Company service area, where practical and physically able to take service from Gage Canal facilities.

This service may be limited by system capacity constraints and service will be on a first come-first served basis.

RATE:

<u>Commodity Charges:</u>	<u>Per MID/Per Month</u>
Base Rates (first 8MID/acre)	
Less than 2 acres	\$5.68
From 2 acres to 4.5 acres	4.91
Greater than 4.5 acres	4.12
Excess water (over 8MID/acre)	
Less than 2 acres	18.84
From 2 acres to 4.5 acres	18.07
Greater than 4.5 acres	17.28

SPECIAL PROVISIONS:

1. Customer requests service from City in writing including a description of the land to be irrigated and the date service is required.
2. This service is provided as a result of the Greenbelt Flowage Agreement between the City and The Gage Canal Company. The customer will be responsible for the installation and costs of all facilities necessary to take delivery of water from the Gage Canal to his or her property. The customer will be responsible for the coordination and scheduling of water delivery with The Gage Canal Company in accordance with The Gage Canal Company By-laws, procedures and operating practices, and the payment of the initial set-up charge to The Gage Canal Company.

3. Basic irrigation service will be limited to a nominal three (3) acre feet of water per irrigated acre per year. Service under this rate schedule will require the installation of forced sprinkler irrigation systems or other suitable alternative. Furrow irrigation systems will not be allowed under this rate. Such irrigation system shall be designed and installed to adjust and adapt to The Gage Canal Company irrigation water delivery schedule procedures and operating practices.
4. The water delivery under the prescribed rates shall be limited to eight (8) Miner's Inch Day (MID) per acre per month, when the canal is in operation. In accordance with the Gage Canal Company By-laws, the customer may accumulate water to which he or she is entitled, in continuous flow or its equivalent taken monthly for any period of time, not in any case, however, to exceed thirty (30) days nor in excess of the capacity of the distributing pipe or pipes to his or her land or lands.

When calculating allowable MID use only whole MID as follows:

A 4.79 acre parcel would be allowed 38 MID per month.
(4.79 X 8 = 38.32)

A 4.32 acre parcel would be allowed 35 MID per month.
(4.32 X 8 = 34.56)

5. Customers will be billed monthly by the City for the actual water delivered by The Gage Canal Company during the previous month. Any disputes regarding the amount of delivered water are to be resolved between the customer and The Gage Canal Company.
6. This rate schedule will be available as long as the Greenbelt Flowage Agreement between the City and Gage Canal Company is in effect.
7. Base rates for this customer class will be based on the cost of providing service including the funding of necessary capital facilities, operating and maintenance, administrative and general expenses for the wells, booster station and Riverside canal, and the cost from The Gage Canal Company related to Gage Canal operation.
8. Excess water charges will be based upon the cost of supplemental water purchases from Western Municipal Water District, plus booster charges and the cost from the Gage Canal Company related to Gage Canal operation.

9. Base Rate charges shall be subject to a Purchased Water Cost Adjustment (PWCA). The PWCA shall be reviewed and, if necessary, changed every six (6) months following the effective date of this rate schedule. The PWCA shall reflect the costs of water incurred by the City and The Gage Canal Company to meet all water deliveries under this rate schedule where City and Gage resources fall short of demand and alternate resources are utilized. Expenses for these alternate resources shall accumulate during each six (6) month period and Base Rates changed during the following six (6) months to recover these expenses.

Established by the Board of Public Utilities:
Approved by City Council:
Effective Date:

EXHIBIT "B"

FLOWAGE EXPENSE DETERMINATION

Based on 1991-92 fiscal year

	Account Balance	% of Total
Section 2 expense	\$ 23,555	2.223 %
Section 3 expense	112,444	10.611 %
Water Distribution expense	<u>48,768</u>	<u>4.602 %</u>
	\$184,767	17.436 %
all other expense accounts except system expense	<u>874,908</u>	<u>82.564 %</u>
Total of all expense accounts except system	\$1,059,675	100.000 %
Expense account for Section 2		\$ 23,555
Expense account for Section 3		112,444
Expense account for Water Distribution		48,768
17.436% of general expense of System \$94,322		<u>16,446</u>
		\$201,213

Total MID delivered in Sections 2 & 3 to shareholders other than City 284,384

$$\frac{\$201,213}{284,384 \text{ MID}} = \$.7075 \text{ per MID or } \$17.79 \text{ per acre foot}$$

Initial set up cost for each new customer

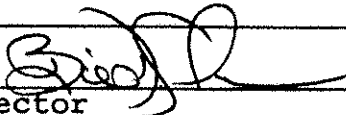
\$100.00 for 1992-93 year - subject to review annually to adjust if necessary

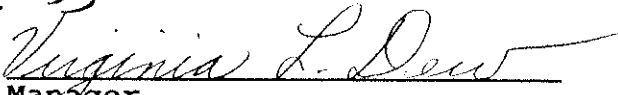
EXHIBIT "C"

COORDINATION PROCEDURES FOR GREENBELT IRRIGATION SERVICE

1. The customer shall request agriculture irrigation water from the City in writing. Said request shall include a description of the land, the total area to be irrigated and the date irrigation service is required.
2. The City shall notify the Company of such request in writing including the authorized monthly water deliveries in MID.
3. The customer shall coordinate delivery point and necessary facilities with the Company and pay the established set-up fee.
4. The Company shall notify the City when arrangements are complete and irrigation water delivery is expected to commence.
5. The Company shall bill the City monthly for the appropriate flowage cost for actual deliveries during the previous month.
6. The Company shall also bill the City for any water deliveries scheduled from the Olivewood wells in accordance with then existing procedures and rates.
7. The company shall coordinate scheduled water requirements as necessary with the City Water Operations Superintendent.

Effective Date: _____

Riverside: 
Director

The Gage Canal Company: 
Manager