

AGREEMENT

GAGE WATER EXCHANGE

THIS AGREEMENT is made and entered into this 12th day of march, 1991, between the CITY OF RIVERSIDE (City), a municipal corporation, and THE GAGE CANAL COMPANY (Company), a corporation.

SECTION 1. PURPOSE:

It is the purpose of this Agreement for the City and Company to exchange water for the benefit of both the City and the Company.

SECTION 2. POINT OF DELIVERY:

The City shall deliver, or cause to be delivered to the Company, water for irrigation purposes. Such water shall be delivered to the Company at the City's existing Olivewood Booster Station and into the existing pipelines with sufficient pressure to cause such water to discharge into the existing Gage Canal.

SECTION 3. WATER QUALITY:

The quality of the exchange water delivered by the City to the Company 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 these trees. If the quality of the exchange water delivered by the City should not meet the quality standards, as determined by the Company, the Company shall immediately notify the City. If the City cannot

improve the water quality sufficient to meet the guidelines established above, the Company may terminate this Agreement immediately. Water samples shall be taken by City every six months and analyzed by a qualified laboratory. All laboratory results shall be provided to City and Company at no cost to the Company.

SECTION 4. SOURCES:

The Company shall deliver to the City exchange water from wells existing at the time of execution of this Agreement and water sources designated in the Stipulated Judgement dated June 9, 1965 in the eminent domain case entitled City of Riverside vs. The Gage Canal Company (Riverside County Superior Court case number 70785) for the Company to maintain and manage as approved by the City or as otherwise mutually agreed, into the City's water system at the existing chlorination facility located at Linden Street and Gage Canal.

SECTION 5. EXCHANGE WATER:

(A) The City shall deliver to the Company water at the ratio of 1.25 times the amount of water delivered by the Company to the City (1.25 to 1.00).

(B) The net minimum annual amount of water to be delivered to the Company shall be 500 acre feet per year. If the City delivers less than 2,500 acre feet of exchange water per year, down to a level of no delivery of exchange water, the Company shall still be entitled to receive 500 acre feet of water from the City. All deliveries of exchange water shall be delivered in a 1.25 to 1.00 ratio of

exchange with the minimum of net water to Gage to be 500 acre feet per year.

- (C) The exchange of water shall be simultaneous or as mutually agreed upon by the City and Company. The amount of water to be exchanged shall be as mutually determined by the City and Company, and limited by City needs and City facilities as outlined in Section 7, and as needed for irrigation water changes throughout the irrigation seasons. It is the intent of both parties to maximize the exchange of water as dictated by their individual economics.

SECTION 6. ADDITIONAL WATER:

To the extent capacity is available in the Olivewood Booster Station and transmission lines, the Company may request the City to deliver additional water above the quantity that would be delivered at the 1.25 to 1.00 exchange ratio. The Company shall compensate City for the additional water based on City's operation and maintenance costs.

For planning purposes both City and Company shall agree before each January 31 as to the estimated amount of exchange water for the current calendar year. At the same time, the City will inform the Company of the costs for pumping additional water.

SECTION 7. ADDITIONAL FACILITIES:

The City shall construct additional water boosting facilities at City's expense, at the existing Olivewood Booster Station to

maximize the annual amount of water which may be exchanged by the City and Company. The additional facilities shall be constructed to deliver exchange water to the Company at approximately 6,000 gallons per minute, which is equivalent to 667 miner-inch day (MID), or 8,000 acre-feet per year during a 10-month irrigation season.

SECTION 8. WATER RIGHTS:

Water rights either owned or established by City or Company shall not be affected in any manner by the execution of this Agreement.

SECTION 9. TERM:

This Agreement shall be effective for a minimum of six years after date of execution. This Agreement may be terminated by either party after the initial six year period, without cause, upon the giving of twelve (12) months prior written notice of intent to terminate to the other party. During the initial six year period, the Agreement may be terminated if the water quality of the exchange water is found to be detrimental to the trees as provided in Section 3 or the Agreement is found to be illegal or contrary to the long term well being of the water basin as determined by the Water Master.

City of Riverside, a municipal corporation

BY



Mayor

Attest Karen E. Lindquist
City Clerk

The Gage Canal Company, a California Corporation

By John M. Hocking
President

By Roy E. Whitehead
Secretary

Approved As To Form:

Robert A. Lams 2/26
for City Attorney