

**AGREEMENT FOR THE SALE OF
SURPLUS POTABLE WATER AND EMERGENCY WATER
CITIES OF NORCO AND RIVERSIDE**

1. PARTIES AND DATES

This Agreement regarding the Interim Agreement for the Sale of Surplus Potable Water and Emergency Water ("Agreement") is entered into as of January 15, 2020, by and between CITY OF NORCO, a California municipal corporation ("Norco") and CITY OF RIVERSIDE, a California charter city and municipal corporation located within Riverside County, California ("Riverside"). Norco and Riverside may be referred to individually as "Party" or collectively as "Parties."

2. RECITALS

2.1 Riverside provides potable water service to its customers within its city limits as well as outside of its city limits to certain customers located within the County of Riverside. Norco provides potable water service to its customers within its city limits as well as outside of its city limits to certain customers within its service area located in the County of Riverside.

2.2 On November 21, 2018, Riverside and Norco entered into an Agreement for the Sale of Emergency Potable Water, under which each party would provide emergency water service to the other under certain conditions. As part of the Agreement for the Sale of Emergency Potable Water, both Parties expressed a desire to construct an interconnection, between the potable water system operated by Riverside and the potable water system operated by Norco. The interconnection is located near the intersection of Arlington Avenue and Crestview Drive and was designed and constructed to have the ability to convey water supplies between the Parties in the event of an emergency.

2.3 The Parties also noted that, in the future, Riverside and Norco may consider other mutual agreements related to the sale of wholesale or surplus potable water supplies. The Parties now wish to enter into this Agreement in order for Riverside to provide potable water service to Norco on a non-emergency basis.

2.4 The Parties agree to terminate the November 21, 2018 Agreement for the Sale of Emergency Potable Water.

NOW, THEREFORE, in consideration of the preceding promises and the mutual covenants thereafter contained, and for other good and valuable consideration, the Parties agree as follows:

3. DEFINITIONS

Terms used herein with initial capitalization, whether in singular or plural, shall have the following meanings:

3.1 AFY: Acre-feet per year.

3.2 Capital Recovery Component: The component of the Service Rate intended to recover Riverside's capital cost of providing Production, Treatment, and/or Conveyance Services along the flow path to Norco.

3.3 Commodity Price: This term shall have the meaning set forth in Section 9.

3.4 Delivery Month: A month for which Norco has requested Production, Treatment, Conveyance and/or Services in the Operating Plan.

3.5 Emergency Water: The sale of water by either party to the other party to this Agreement under the terms set forth in section 10.

3.6 Energy Price: The Energy Price of the rates for Norco shall be in accord with the pricing sheets referenced in Section 9. For fiscal year 2019-20, a single average energy unit cost of \$61 per acre-foot will be used for the energy costs.

3.7 Fiscal Year: The twelve (12) month period commencing each July 1 during the term of this Agreement and ending the following June 30.

3.8 MWD: The Metropolitan Water District of Southern California.

3.9 MWD Tier 1 cost: The published volumetric rate charged by MWD for full-service treated water supply. If MWD amends its rates such that the MWD Tier 1 cost is no longer applicable to the pricing under this Agreement, the parties agree to meet and confer and amend this Agreement to include an appropriate pricing reference.

3.10 Operation & Maintenance Component: The component of the Service Rate intended to recover Riverside's operating and maintenance cost of providing Production, Treatment, and/or Conveyance Services.

3.11 Operating Plan: The written plan, developed collaboratively by Norco and Riverside, as set forth in Section 6. Attached hereto as Operating Plan, Exhibit "A," and incorporated herein by reference is an example Operating Plan.

3.12 Point of Interconnection: The Point of Interconnection is where the water transmission and/or distribution systems of Riverside and Norco interconnect. Where water is delivered to Norco by Riverside, and vice-versa, in connection with Conveyance Services provided hereunder.

3.13 Prudent Utility Practice: Any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts (including but not limited to the practices, methods, and acts engaged in or approved by a significant portion of the water utility industry prior thereto) known at the time the decision was made, which would have been expected to accomplish the desired result at the lowest reasonable cost consistent with good business practices, reliability, safety, and expedition, taking into account the fact that Prudent Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be a spectrum of possible practices, methods, or acts which could have been expected to accomplish the desired result. Prudent Utility Practice includes due regard for manufacturers' warranties and requirements of agencies of competent jurisdiction.

3.14 Riverside Water: The portion of Riverside's Bunker Hill Basin Export Allocation under the 1969 Judgment that in Riverside's sole judgment, which shall not be unreasonably exercised, is surplus to Riverside's retail and wholesale customer demand which is made available for purchase by Norco.

3.15 Service Rate: The rate, expressed in dollars per acre-foot and rounded to nearest cent, to be paid by Norco to Riverside in connection with Riverside's provision of Production, Treatment, and/or Conveyance Services.

3.16 Shared Benefit Methodology: This methodology shall have the meaning set forth in Exhibit "C," attached hereto and incorporated by reference.

3.17 Surplus Water Sales: This term shall have the meaning set forth in Section 5 herein.

3.18 Treatment Services: The use and operation of water treatment such as, but not limited to, ion exchange, granular activated carbon, membrane filtration, and/or blending to achieve compliance with Federal and State drinking water standards.

3.19 Uncontrollable Force: Any cause or event which is beyond the control of the Party affected, including, but not restricted to, failure of or threat of failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute or strike, labor or material shortage, sabotage, restraint by court order or public authority and action or non-action by or failure to obtain the necessary authorizations or approvals from any governmental agency or authority which by exercise of due diligence such Party could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome.

3.20 Willful Misconduct: This term shall have the meaning set forth in Section 12 herein.

4. TERM

The term of this Agreement shall commence on the date first written above and, unless otherwise terminated pursuant to the terms and conditions of this Agreement, shall continue for a period of five (5) years. This Agreement shall automatically renew for a successive five (5) year period unless earlier terminated as follows:

4.1 Either Party provides notice of termination to the other in writing, at least one year prior to the termination date of the then-current term Agreement.

4.2 Upon ten (10) days' advance written notice by the non-defaulting Party to the defaulting Party following a material breach of this Agreement.

4.3 Obligations incurred hereunder but not satisfied prior to termination of this Agreement shall survive such termination until fully discharged, including any payments due by one Party to the other Party hereunder.

5. SALE OF SURPLUS RIVERSIDE WATER

Riverside shall deliver a minimum of 1,000 AFY of Riverside Water to Norco, over the next five-years. If, in its sole judgment, Riverside has additional surplus water in excess of the 1,000 AFY in a given year that has not been purchased by another entity, Riverside will notify Norco prior to the development of the Operating Plan. If Norco is interested in purchasing some or all of the excess supplies and has the ability to receive it, those excess supplies will be incorporated into the Operating Plan. Delivery of Riverside Water in excess of 1,000 AFY will not require modification or amendment of this Agreement. For each acre-foot of Riverside Water extracted by Riverside on Norco's behalf, Norco shall pay Riverside the rate determined in accordance with Section 9.

6. OPERATING PLAN FOR SALE OF RIVERSIDE WATER

6.1 Norco and Riverside will work collaboratively to develop a mutually agreeable Operating Plan, in the format of the example in Exhibit "A." Two (2) original copies of the initial Operating Plan setting forth the services requested, signed by Norco, shall be submitted to Riverside no later than November 1 of each year for the following calendar year and shall specify the services requested by Norco, including, but not limited to, the date(s) of service, the quantities of water involved, and the Points of Receipt and Points of Delivery. The Operating Plan can be adjusted monthly by mutual agreement.

6.2 If Riverside reasonably determines that Norco's initial proposed Operating Plan is feasible and consistent with Prudent Utility Practice and the operation of Riverside's water extraction, transmission, distribution and treatment systems, Riverside shall countersign both copies of the proposed Operating Plan and return one (1) fully executed copy to Norco. Unless otherwise communicated in writing to Norco, Riverside shall provide the Production, Treatment and Conveyance Services specified in the fully executed Operating Plan, subject to the terms of this Agreement. In the event Riverside reasonably determines that an Operating Plan is not feasible and/or is not consistent with Prudent Utility Practice, Riverside shall provide such notice to Norco within 30 days and the Parties shall then engage in good faith negotiations to resolve said issues and to develop a mutually agreeable Operating Plan. The failure of Riverside to provide an executed copy of the Plan, or to provide notice within 30 days that a Plan is infeasible, shall constitute Riverside's approval of the Plan.

6.3 If an Operating Plan has not been countersigned by Riverside in accordance with Section 6.2, and Riverside has sent the notice in accordance with section 10, the Public Works Director and General Manager from Norco and Riverside, respectively, will meet and confer to forge a compromise by January 1. Should the Director and General Manager be unable to reach a resolution by January 1, both Parties agree to mediation and shall share the expense of mediation equally. Such mediation shall be completed by March 1, unless the Parties mutually agree to an extension.

6.4 Riverside shall provide Production, Treatment and Conveyance Services from October 1 through May 31 and shall make diligent good faith efforts to provide such services every month of the year.

7. MEASUREMENT OF WATER PRODUCED OR CONVEYED FOR SALE OF RIVERSIDE WATER

7.1 Any metering devices used to measure the delivery of water under this Agreement at a Point of Interconnection shall be owned by Riverside and shall be installed, operated, calibrated, and maintained in accordance with Riverside's standard requirements. Any such metering devices shall be maintained directly by Riverside or by agents or subcontractors directly under Riverside's control.

7.2 Riverside shall inspect and test the metering devices at least once per calendar year, unless more frequent testing and inspection is appropriate as a result of repairs to or replacements of a metering device. Riverside shall provide reasonable advance notice to Norco of any such testing or inspection in order to permit a representative of Norco to witness such activities, and shall provide Norco with copies of any periodic or special inspection or testing reports relating to the metering devices upon request by Norco. Norco, at its own expense, may request in writing that Riverside initiate additional testing and inspection of the metering devices, and Riverside shall comply with any such request as soon as practical after the request is made.

8. CONTINUITY OF SERVICE FOR SALE OF RIVERSIDE WATER

8.1 Riverside reserves the right to curtail Production, Treatment and Conveyance Services hereunder; (i) upon reasonable advance notice to Norco to make repairs, replacements, modifications, or to perform maintenance work, all for the purpose of maintaining continuity of Production, Treatment and Conveyance Services; or (ii) without notice to Norco because of an existing or impending Uncontrollable Force, as determined in Riverside's sole judgment which shall not be unreasonably exercised.

8.2 Notwithstanding the provisions of Section 8.1, Riverside may interrupt or curtail Production, Treatment, and Conveyance Services to the extent that the continued provision of such services could, in Riverside's sole judgment which shall not be unreasonably exercised: (i) adversely affect the quantity, quality, reliability or cost of service related to water deliveries by Riverside to its retail customers; (ii) cause Riverside to violate the terms of any rule, regulation, or binding obligation it may otherwise have with respect to the production, treatment or delivery of water; (iii) Riverside experiences a loss of extraction capacity, export rights, treatment capacity, and/or conveyance capacity in any portion of its water system; or (iv) in accordance with Prudent Utility Practice.

9. RATES AND CHARGES FOR SALE OF RIVERSIDE WATER

9.1 Riverside Water: Norco agrees to pay Riverside the Energy, O&M, and Capital Recovery Component charges, as described here in, and a Commodity Price. Both Parties agree to use a "Shared Benefit Methodology" to calculate the Commodity Price of the Riverside Water and the savings to Norco in relation to the MWD Tier 1 treated cost. The Shared Benefit Methodology is intended to establish an all-inclusive price that equally splits the difference between Riverside's rate to deliver water to Norco and the MWD Tier 1 treated cost for that applicable year. The difference between the calculated all-inclusive price and Riverside's rate to deliver water to Norco will be deemed to be the commodity price ("Commodity Price"). An example of said calculation and escalation is set forth below:

9.1.1 Example - If Riverside's cost to deliver Norco Water is \$600 per acre-foot and the MWD Tier 1 treated cost is \$1,050 per acre-foot, then the total cost to deliver Riverside Water to Norco would be $(\$592 + \$1,050) / 2 = \$821$. MWD Tier 1 treated cost for CY 2020 is \$1,050.

9.1.2 The price for CY 2020 will be in accordance with Exhibit "B" and "C"; and, the price for future years will be calculated annually at least 12-months prior to water deliveries. The price for future years will be based on the cost structure described above.

9.2 Basis of Billing: All costs shall be accrued based on the reading of Riverside's meter(s); all water produced and conveyed through Riverside's water system shall be billed based on the meter reading at the Point of Interconnection.

9.3 Invoicing: For each monthly billing cycle, Riverside shall invoice Norco in accordance with Section 11 of this Agreement for the costs detailed in this Section 9.

9.4 Pricing Sheets: The pricing sheet for the Energy, Operations & Maintenance ("O&M") and Capital Recovery components to be charged by Riverside are set forth in Exhibit "B" attached hereto and incorporated herein by reference. The pricing sheet for Riverside's Water, including the Shared Benefit Methodology to be charged by Riverside, are set forth in Exhibit "C" attached hereto and incorporated herein by reference.

10. SALE OF EMERGENCY WATER

10.1 Definition of Emergency Water. Emergency water service is defined as a temporary need of water due to loss of an existing water supply, failure of water supply or distribution pipelines, mechanical or electrical failure of water system equipment, or to overcome short term water quality impediments. Emergency water shall not be provided for longer than 60 calendar days without written approval of the selling Party.

10.2 Amount of Emergency Water and Emergency Water Meter: Subject to the other terms of this Agreement, the selling Party agrees to make available to the purchasing Party emergency water supplies necessary to assist the purchasing Party to serve its customers because of an emergency, as further defined herein. For the purposes of this Agreement, "emergency" shall not be limited to a water shortage emergency as declared by the State of California. However, the receiving Party understands and acknowledges that the selling Party's primary responsibility is to serve its own customers. Accordingly, the selling Party shall have the sole discretion to determine what amount of water, if any, to sell to the purchasing Party in case of emergency. The selling Party can exercise that discretion for any reason, including determining whether the sale of such water will adversely affect the quality, reliability or cost of service related to water deliveries by selling Party to its retail or wholesale customers and/or cause selling Party to violate the terms of any other obligations with respect to the production, treatment or delivery of water. The Parties further agree that the precise quantity and pressure of emergency water delivered from the selling Party to the purchasing Party may also vary due to climate conditions, water supply, system availability and other conditions.

10.3 Request Procedure. Both Parties may have a need for emergency water to serve its customers near the intersection of Arlington Avenue and Crestview Drive in the County of

Riverside. When emergency water, as defined in Section 10.1, is required, the requesting Party shall do its best to request emergency water in writing or by email including the details describing the need for delivery of emergency water, desired flowrate, duration, and start and stop dates. Upon such request, selling Party shall provide its availability, start and stop dates, estimated duration of emergency water sale, flow rate, and any other details describing the need for delivery of emergency water to the purchasing Party. The selling Party will confirm in writing or by email their availability to provide the requested emergency water. If requesting Party does not have sufficient time to make such request in writing, requesting Party may make a verbal request that shall then be subsequently confirmed in writing or by email. Selling Party has no obligation to respond until such request is received in writing or by email, but shall make a reasonable effort to review the request pending receipt of the written documentation. The current staff list and contact information for both Parties is included as Exhibit "D."

10.4 Payment for Emergency Water: Both Parties recognize each agency has multiple sources of potable water supply that have variable costs associated with producing said water. Therefore, both Parties agree that reimbursement for the emergency water delivered can either be by direct payments at the applicable rate or by returning an equal quantity of water. The returned quantity of water shall be completed within 180 days after said emergency has concluded. Should any party fail to return the water in the required 180-day period, then said party will be assessed the applicable rate. All deliveries of emergency water shall be tracked by Riverside per event and said data provided to both parties by formal letter. Any invoices should be sent to the addresses shown in Section 11 below.

11. BILLING AND PAYMENT (FOR RIVERSIDE WATER SALES)

11.1 Riverside shall bill Norco for charges due hereunder by the fifteenth (15th) day of each month for services rendered during the prior month, including any required adjustments to bills previously paid by Norco. Norco shall pay such bills not later than the fifth (5th) day of the month following the month in which bill is issued, or on the first business day thereafter if the fifth (5th) day falls on a Saturday, Sunday, or holiday. Payments which are not made in full by said due dates shall thereafter accrue interest at the lesser of: (i) one percent (1%) per month of the unpaid balance; or (ii) the maximum rate otherwise permitted by law applicable to this Agreement, prorated by days until payment is sent by Norco.

11.2 In the event any portion of any bill is disputed, Norco shall pay the bill, including the disputed amount, under protest when due. If the protested portion of the payment is found to be incorrect, Riverside shall promptly refund the protested portion, including interest at the lesser of: (i) one percent (1%) per month; or (ii) the maximum rate otherwise permitted by law applicable to this Agreement, prorated by days from the date of payment by Norco to the date the refund check is sent or the refund payment is otherwise made by Riverside.

11.3 If Norco does not dispute in writing any billing within one hundred eighty (180) days after the bill was rendered by Riverside, Norco shall be deemed to have waived any further or continuing right to dispute such bill.

11.4 Unless otherwise agreed by the Parties, bills shall be rendered and remittances made by their submission to the following addresses:

Bills rendered by Riverside to Norco:

City of Norco
Accounts Payable
2870 Clark Avenue
Norco, CA 92860

Payments made by Norco to Riverside:

City of Riverside
Accounts Receivable
3900 Main Street
Riverside, CA 92522

11.5 If the Parties are each required to pay an amount to each other in the same calendar month under this Agreement, then such amounts with respect to each Party may be aggregated and the Parties may discharge their obligations to pay through netting of the respective amounts due, in which case the Party, if any, owing the greater aggregate amount may pay to the other Party the difference between the amounts owed.

12. LIABILITY AND INDEMNIFICATION

12.1 Limitation of Liability: Except as to the gross negligence or Willful Misconduct of a Party, each Party shall release and hold harmless the other Party from and against any and all liability, loss, damage, and expense arising from, alleged to arise from, in connection with, or incident to the services rendered under this Agreement.

12.2 Limitation on Damages: No Party shall be liable for any consequential, incidental, punitive, special, or exemplary damages or lost opportunity costs, lost profit, or other business interruption damages, by statute or in tort or contract, under any provision of this Agreement.

12.3 Indemnification: Notwithstanding Section 12.1, each Party shall indemnify, defend, and hold harmless the other Party, its directors, members, officers, employees, and agents from and against any and all third-party claims, suits, or actions instituted on account of personal injuries or death of any person (including but not limited to workers and the public) or physical damage to property resulting from or arising out of the indemnitor's Willful Misconduct or grossly negligent act or omission while engaged in the performance of obligations or exercise of rights under this Agreement.

12.4 Definition of Willful Misconduct: For purposes of this Agreement, Willful Misconduct shall be defined as:

12.4.1 Action taken or not taken by a Party at the direction of its directors or other governing body, officers, or employees having management or administrative responsibility affecting its performance under this Agreement, which:

12.4.1.1 Is knowingly or intentionally taken or not taken with conscious indifference to the consequences thereof or with intent that injury or damage would result or would probably result therefrom;

12.4.1.2 Has been determined by final arbitration award or judgment or judicial decree to be a material default under this Agreement, and which action occurs or continues beyond the time specified in such arbitration award or judgment or judicial decree for curing such default, or, if no time to cure is specified therein, occurs or continues thereafter beyond a reasonable time to cure such default; or

12.4.1.3 Is knowingly or intentionally taken or not taken with the knowledge that such action taken or not taken is a material default under this Agreement.

12.4.2 As used in this definition:

12.4.2.1 Willful Misconduct does not include any act or failure to act which is merely involuntary, accidental, or negligent.

12.4.2.2 The phrase "employees having management or administrative responsibility" means those employees of a Party who are responsible for one or more of the executive functions of planning, organizing, coordinating, directing, controlling, and supervising such Party's performance under this Agreement, with responsibility for results.

13. THIRD PARTY BENEFICIARIES

Unless otherwise specified in this Agreement, there are no third-party beneficiaries to this Agreement. This Agreement shall not confer any right or remedy upon any person or entity other than the Parties and their respective successors and assigns permitted under Section 20. This Agreement shall not release or discharge any obligation or liability of any third party to any Party or give any third party any right of subrogation or action over or against any Party.

14. ENTIRE AGREEMENT

This Agreement contains the entire agreement between the Parties respecting the subject matter thereof and complements all prior understandings and agreements, whether oral or in writing, between the Parties respecting the subject matter of this Agreement.

15. SEVERABILITY

In any term, covenant, condition or provisions of this Agreement, or the application thereof to any person or circumstance, shall to any extent be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, covenants, conditions or provisions of this Agreement, or the application thereof to any other person or circumstance, shall remain in full force and affect and shall in no way be affected, impaired or invalidated thereby.

16. WAIVER OF COVENANTS, CONDITIONS AND REMEDIES

The waiver by one (1) Party of the performance of any covenant or condition under this Agreement shall not invalidate this Agreement nor shall it be considered a waiver by it or any other covenant or condition under this Agreement. The waiver by either or both Parties of the time for

performing any act under this Agreement shall not constitute a waiver of the time for performing any other act or an identical act required to be performed at a later time.

17. AMENDMENT

This Agreement may be amended at any time by the written agreement of the Parties. All amendments and changes of this Agreement, in all or in part, and from time to time, shall be binding upon the Parties despite any lack of legal consideration, so long as the same shall be in writing and duly approved and executed by the Parties hereto.

18. RELATIONSHIP OF PARTIES

The Parties agree that their relationship is one of mutual assistance and that nothing contained herein shall render either Party, the agent or legal representative of the other for any purpose whatsoever, nor shall this Agreement be deemed to create any form of business organization between the Parties hereto, nor is either Party granted any right or authority to assume or create any obligation or responsibility on behalf of the other Party, nor shall either Party be in any way liable for any debt of the other.

19. FURTHER ACTS

Each Party hereby agrees that it shall, upon request of the other, execute and deliver such further documents (in form and substance reasonably acceptable to the Party to be charged) and do such other acts and things as are reasonably necessary and appropriate to effectuate the terms and conditions of this Agreement.

20. NOTICES

All notices and demands that either Party is required or desires to give to the other shall be given in writing by United States registered or certified mail, return receipt requested, by personal delivery, by facsimile with confirmation of receipt, or express courier service or by electronic mail to the street address or facsimile number set forth below for the respective Party or any electronic mail address subsequently given, provided that if any Party gives notice of a change of name or address, notices to that Party shall thereafter be given as set forth in that notice. All notices and demands shall be effective upon receipt or upon refusal to accept delivery.

City of Norco
2870 Clark Avenue
Norco, CA 92860
Attention: Public Works Director

City of Riverside
3701 University Ave. 3rd Floor
Riverside, CA 92501
Attention: Public Utilities General Manager

Any action at law or in equity brought by either of the parties hereto for the purpose of enforcing a right or rights provided for by this Agreement shall be tried in the Superior Court of the County of Riverside, State of California, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county. This agreement shall be governed, construed, and enforced in accordance with the laws of the State of California, without regard to its conflict of laws rules.

21. NO DEDICATION OF FACILITIES

Any undertaking by a Party to the other Party under this Agreement shall not constitute the dedication of the system, or any portion thereof, of that Party to the public or to the other Party, nor affect the status of that Party as an independent system.

22. CONSTRUCTION OF AGREEMENT

Ambiguities or uncertainties in the wording of this Agreement shall not be construed for or against either Party, but shall be construed in a manner that most accurately reflects the intent of the Parties when this Agreement was executed and is consistent with the nature of the rights and obligations of the Parties with respect to the matter being construed.

23. COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument.

[SIGNATURES ON NEXT PAGE.]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

CITY OF RIVERSIDE

By: _____
City Manager

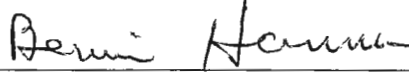
ATTEST:

By: _____
City Clerk


APPROVED AS TO FORM:

By: 
Assistant City Attorney

CITY OF NORCO

By: 
Berwin Hanna - Mayor

ATTEST:

By: 
Dana Roa, CMC - City Clerk

APPROVED AS TO FORM:

By: 
John Harper - City Attorney

**EXHIBIT 'A' - CALENDAR YEAR 2018 OPERATING PLAN
FOR
COOPERATIVE AGREEMENT FOR THE WHOLESALE OF POTABLE WATER
BETWEEN THE CITY OF RIVERSIDE AND THE CITY OF NORCO**

The operating Committee, comprised of representatives from the City of Riverside (Riverside) and the City of Norco (Norco) agree to the delivery schedule in Table 1 for Calendar year 2019.

Table 1. Calendar year 2019 Delivery Schedule (acre-feet)

Jan	Feb	Mar	Apr	May	Jun*	Jul*	Aug*	Sep*	Oct	Nov	Dec	TOTAL
120	120	120	120	140	*No guaranteed deliveries. If Riverside system capacity exists, deliveries may occur.				140	120	120	1000

Per the Cooperative Agreement, if the delivery schedule above is unattainable, the operating Committee has the ability to, upon mutual agreement to adjust monthly delivery targets and/or make-up to 100 acre-feet of deliveries in the next calendar year.

City of Riverside Authorized Designee

City of Norco Authorized Designee

Signature: _____

Signature: _____

Title: _____

Title: _____

Date: _____

Date: _____



DIRECTOR PUBLIC WORKS
1/15/2020

EXHIBIT 'B'
EXAMPLE PRICING SHEET FOR THE RIVERSIDE - NORCO WHOLESALE OF POTABLE WATER
(Electricity, O&M, and Capital Recovery Components)

		Norco Deliveries Cost
Electricity		\$/AF
	Electrical Pumping Cost Estimate	\$61
Operations & Maintenance (O&M)		
	Supply Operations Cost	\$63
	Distribution Operations Cost	\$60
	Supply & Distribution Maintenance Cost	\$11
	Average Capitalized Pump & Well Maintenance Cost	\$60
O&M Subtotal:		\$193
Capital Recovery		
	Waterman Wells	\$48
	Waterman Supply Transmission Pipeline	\$114
	Distribution System Transmission Lines	\$163
	Reservoir Storage	\$0
	Booster + PRV Stations	\$13
Capital Recovery Subtotal:		\$338
Water Resource Cost		
	Estimated Value of RPU Groundwater Rights	\$228
Water Resource Charge Subtotal:		\$228
Total Unit Cost (\$/AF):		\$821
AFY to be Delivered:		1,000
Rate:		\$821

Note: Electricity, O&M and Capital Recovery costs include related RPU Water Facilities along hydraulic path to Norco Delivery Point.

EXHIBIT 'C'

EXAMPLE PRICING SHEET FOR THE RIVERSIDE - NORCO WHOLESALE POTABLE WATER SALE, SHARED BENEFIT METHODOLOGY

Not Part of the Agreement. For Example Only.

Year		2020	2021	2022	2023	2024	
SURPLUS WATER PRICE (SHARED SAVINGS)							
Volume (AF):		1,000					
Assumed inflation at Years 2021 and after:		4%					
A	MWD Projected Unit Price ¹	\$1,050	\$1,078	\$1,121	\$1,166	\$1,213	
B	Electricity	\$61	\$63	\$65	\$68	\$70	
C	O&M	\$193	\$198	\$206	\$214	\$223	
D	RPU Capital Recovery	\$338	\$347	\$361	\$375	\$390	
E	RPU Commodity Charge ²	\$229	\$235	\$245	\$254	\$264	
F	Surplus Water Sales Unit Price ³	\$821	\$843	\$877	\$912	\$948	5-YR Total
G	Surplus Water Sales Revenue	\$821,000	\$842,903	\$876,619	\$911,684	\$948,151	\$4,400,358
Shared Benefit Methodology							
		2020	2021	2022	2023	2024	5-YR Total
H	Norco's Savings	\$229,000	\$235,097	\$244,501	\$254,281	\$264,452	\$1,227,330
I	RPU Commodity	\$229,000	\$235,097	\$244,501	\$254,281	\$264,452	\$1,227,330

¹ MWD Unit Price for 2020 is fixed as published. MWD Unit Prices for 2021 and after are based on 4% inflation.

² RPU Commodity Charge is calculated annually based on splitting the difference between Riverside's wheeling cost (Capital Recovery, Energy, and O&M), and MWD's Tier 1 costs.

³ Surplus Water Sales Unit Price for 2020 is fixed. Unit Prices for 2021 and after will be calculated 12 months prior to deliveries.

EXHIBIT “D”

CITIES OF NORCO AND RIVERSIDE CONTACT LIST

City of Riverside

David Garcia
Water Operations Manager
(951) 351-5612 (Office)
(951) 315-9391 (Cell)
dagarcia@riversideca.gov

Robin Glenney
Water Quality Administrator
(951) 351-6344 (Office)
(951) 288-2628 (Cell)
rglenney@riversideca.gov

Cliff Bellinghausen
Chief Water Operator
(951) 351-6318 (Office)
(909) 223-2128 (Cell)
cbellinghausen@riversideca.gov

John Nicols
Senior Water Operator
(951) 351-6370 (Office)
(951) 830-7397 (Cell)
jnicols@riversideca.gov

City of Norco

Terry Piorkowski
Public Works Superintendent
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