



GAGE WATER TRANSFER AND OLIVEWOOD CONVEYANCE AGREEMENT

Riverside Public Utilities – Water

Board of Public Utilities

July 13, 2026

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BACKGROUND

1. Gage Canal Co. (Gage) operates infrastructure to produce and deliver non-potable water to its shareholders and contract holders.
2. In 2025, the Olivewood Pipeline developed a leak, in the BNSF Railroad (BNSF) right of way, rendering it inoperable.
3. Gage has been diligently working with BNSF to gain access to investigate and repair the Olivewood Pipeline.



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DISCUSSION

1. The Gage Canal Co. is a California non-profit corporation, with a rich history in the City and Citrus industry.
2. In 1965, the City acquired Gage water rights and assets via a friendly condemnation.
3. An operating agreement was executed that stipulates Gage continues to operate and maintain the infrastructure for production and delivery of non-potable water.



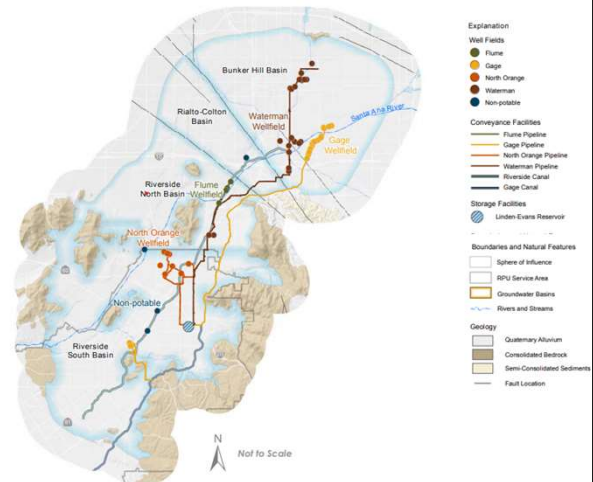
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DISCUSSION

Gage Production and Conveyance:

1. Various wells in the Bunker Hill Groundwater Basin deliver water to the Gage Pipeline and Gage Canal.
2. Olivewood Wells 1, 2 and 3 in the Riverside Groundwater Basin deliver water to the Olivewood Pipeline and Gage Canal.



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DISCUSSION

1. In 2025 the Olivewood Pipeline leaked.
 - a. Resulting in water and soil to flow onto nearby railroad tracks.
 - b. The wells were shutdown and the pipeline dewatered to mitigate the risk of future impacts to railroad operations and surrounding infrastructure.
2. Gage hired Albert A. Webb Associates to investigate the exact location of the leak(s) and prepare estimates for repair, lining or replacement of the Olivewood Pipeline.
3. During this time customers fed by this pipeline have not had access to non-potable water delivered by Gage.



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DISCUSSION

1. RPU's Riverside Canal Pipeline runs parallel to the Olivewood Well Pipeline.
2. With modifications RPU's Riverside Canal Pipeline can convey Gage Olivewood Well water and/or transfer of Riverside Canal water.
3. Modifications consist of connecting customer service laterals to the Riverside Canal Pipeline, utilizing piping and valves.
4. Work will be completed by RPU Water Field Forces.
5. Estimated cost of \$96,316 will be reimbursed by Gage.
6. Conveyance fees will not be charged to Gage as the transfer of water will benefit the City by providing operational flexibility in the summer months and cost savings in treatment needs.



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RECOMMENDATIONS

That the Board of Public Utilities:

1. Approve workorder No. 2627304 in the amount of \$97,000 for service lateral modifications.

Recommend that the City Council:

2. Approve the Gage Water Transfer and Olivewood Conveyance Agreement; and
3. Authorize the City Manager, or designee, to execute the Agreement with Gage Canal Company making minor and non-substantive changes.



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