



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JULY 14, 2026**
FROM: PUBLIC UTILITIES **WARDS: ALL**
SUBJECT: GAGE WATER TRANSFER AND OLIVEWOOD CONVEYANCE AGREEMENT

ISSUE:

Approve the Gage Water Transfer and Olivewood Conveyance Agreement and Work Order No. 2627304 in the amount of \$97,000 for service lateral modifications.

RECOMMENDATIONS:

That the City Council:

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

BOARD RECOMMENDATION:

On July 13, 2026, the Board of Public Utilities will hear this item for consideration to recommend to the City Council to approve the Gage Water Transfer and Olivewood Conveyance Agreement.

If the Board of Public Utilities approves to forward this to City Council, we respectfully request the City Council consider the item at the July 14, 2026 City Council meeting.

BACKGROUND:

The Gage Canal Company (Gage) operates infrastructure to produce and deliver non-potable water to its shareholders and contract holders. This system consists of wells, pipelines, canal systems and associated appurtenances. In 2025, a leak occurred on the Olivewood Pipeline, in the BNSF Railroad (BNSF) right of way, rendering it inoperable. Gage has been diligently working with BNSF to gain access to investigate and repair the Olivewood Pipeline.

DISCUSSION:

Gage is a California nonprofit corporation, with a rich history in the City and Citrus industry. In 1965 the City acquired Gage water rights and Gage assets via friendly condemnation, after which an operating agreement was executed. The operating agreement stipulates that Gage continues to operate and maintain the infrastructure acquired by the City under the condemnation

agreement, to continue production and delivery of non-potable water to its shareholders and contract customers.

Gage produces most of its groundwater from wells in the Bunker Hill Groundwater Basin. This water is conveyed through the Gage Pipeline and Gage Canal. Gage also produces groundwater from the Riverside Basin via the Olivewood Wells 1, 2 and 3 (Olivewood Well Water). Olivewood Well water is transported through the Olivewood Pipeline, upstream of the Gage Canal, which delivers water to customers through service laterals. The Olivewood pipeline also feeds groundwater to Gage customers downstream of Riverside Poly High School, where this water combines with Bunker Hill Water groundwater.

In 2025, the Olivewood Pipeline developed a leak, resulting in the shutdown of the Olivewood pipeline and leaving Gage customers along the pipeline out of service. Riverside and Gage worked together to supply water to the impacted customers; however, this was halted after another leak occurred on the Olivewood Pipeline. Due to the leaks causing water and soil to flow onto nearby railroad tracks the wells were shut down and the pipeline was dewatered to mitigate the risk of further impacts to railroad operations and surrounding infrastructure.

Gage hired Albert A. Webb Associates (Webb) to investigate the exact location of the leak(s), and prepare estimates for repair, lining, or replacement of the pipeline. Gage, Webb and their subcontractor have been working through BNSF’s process to obtain access for potholing, and future repair/lining/replacement of the Olivewood Pipeline. During this time, the customers fed from this pipeline have not had access to non-potable water delivered by Gage.

The Riverside Canal Pipeline, owned and operated by the City, runs parallel to the Olivewood Pipeline. With modifications to the Riverside Canal Pipeline the City can convey Gage Olivewood Well water or Riverside Canal water to the customers served from the Olivewood Pipeline. The modified system can be used to transfer water, benefiting the City and Gage. The proposed modifications include connecting the existing Gage Olivewood customer service laterals to the Riverside Canal Pipeline using new piping and valves, which is estimated to cost approximately \$96,315.20. The valves will allow the two pipelines to be isolated and operated independently once the Olivewood Pipeline has been repaired. Gage will remain responsible for delivering water to all affected customers connected to these service laterals.

Construction will be completed by RPU’s Water Field Forces authorized under resolution 24224; all parts and labor will be charged to workorder no. 2627304. Gage will reimburse the City for the costs associated with the pipeline modifications. 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.

The project/fiscal breakdown is as follows:

Work Type	Performed By:	Amount (\$)
Work Order Total:	RPU Water Field Forces	\$97,000
Reimbursements	Gage Canal Company	-\$97,000
Anticipated Start Date:		August 2026
Anticipated Duration:		Two to three weeks

FISCAL IMPACT:

The total fiscal impact is \$97,000. Sufficient funds are available in Public Utilities Transmission Mains Account No. 6230000-470735. Actual costs, up to \$97,000, will be reimbursed by Gage Canal Co. and recorded to the Water Fund, Miscellaneous Service Revenue Account 0000520-345450 upon completion of the project.

Prepared by:	Robin Glenney, Utilities Assistant General Manager/Water
Approved by:	David A. Garcia, Utilities General Manager
Certified as to availability of funds:	Julie Nemes, Interim Finance Director
Approved by:	Gilbert Hernandez, Assistant City Manager
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

- Attachments:
1. Agreement
 2. Presentation