

GAGE WATER TRANSFER / OLIVEWOOD WATER CONVEYANCE AGREEMENT

On this ____ day of _____, 20__, the CITY OF RIVERSIDE, a California charter city and municipal corporation (“**City**”), and THE GAGE CANAL COMPANY, a California mutual benefit nonprofit corporation (“**Gage**”), mutually agree as follows:

WHEREAS, the Olivewood Pipeline is a water conveyance facility owned by the City and operated and maintained by Gage pursuant to the Stipulated Judgment dated June 9, 1965 (“**1965 Judgment**”) in the case *City of Riverside vs. The Gage Canal Company*, Riverside Superior Court Case number 70785, and the Agreement for Operation of Gage Canal Facilities between the parties dated June 9, 1965 (“**Operating Agreement**”); and

WHEREAS, the Olivewood Pipeline is used by Gage to make water deliveries to Gage shareholders (“**Shareholders**”) and City irrigation contract customers (“**Customers**”); and

WHEREAS, in 2025, the Olivewood Pipeline began to leak and it was rendered inoperable and difficult to repair due to safety concerns raised by the proximity of the leak to the adjoining railroad right of way; and

WHEREAS, a parallel water pipeline runs alongside the Olivewood Pipeline, called the Riverside Canal Pipeline which is owned and operated by the City; and

WHEREAS, the Riverside Canal Pipeline has available capacity to convey water for Gage to the Shareholders and Customers impacted by the Olivewood Pipeline leak; and

WHEREAS, improvements to the Riverside Canal Pipeline are required to enable the conveyance of water for Gage; and

WHEREAS, the parties desire to enter into this agreement to provide for the conveyance of Olivewood Well water by the City on behalf of Gage through the Riverside Canal Pipeline so that Gage can complete water deliveries to those Shareholders and Customers impacted by the Olivewood Pipeline leak.

Now therefore, the parties agree as follows:

1. **Purpose.** It is the purpose of this Agreement for the City and Gage to provide for the conveyance of water to the Shareholders and the Customers impacted by the Olivewood Pipeline leak and for the summer augmentation of water for the benefit of both the City and Gage.

2. **Improvements.** In order to effectuate the conveyance and deliveries of water to impacted Shareholders and Customers, the City will allow Gage to transport well water from Gage’s Olivewood Wells to the impacted Shareholders and Customers via the Riverside Canal Pipeline by operating existing valving connecting the two pipelines and extending service laterals to connect the impacted Shareholders and Customers to the Riverside Canal Pipeline (the valving and service laterals, collectively, “**Improvements**”) so that water from the Olivewood Wells, which would have otherwise been conveyed and delivered through the Olivewood Pipeline, can be conveyed through the Riverside Canal Pipeline. Gage shall reimburse the City for the actual

costs of the Improvements within thirty (30) days of completion. The costs are estimated to be \$96,315.20 (“**Estimated Costs**”). If the City determines that the actual costs will exceed the Estimated Costs by \$5,000 or more, the City will advise Gage promptly after making such determination. The work is estimated to be completed within thirty (30) days after the Effective Date. The City will be the owner of the Improvements for all purposes, except that Gage shall maintain and operate the Improvements in accord with the 1965 Judgment and the Operating Agreement.

The Improvements are intended to provide a limited-time solution for the facilitation of water deliveries to the impacted Shareholders and Customers. If additional damage or leaks along the Olivewood Pipeline or other facilities, including the service laterals, cause water deliveries to become impossible or impracticable, the City is not obligated to make additional improvements, except as expressly agreed to in writing by the parties. Except as to damage caused by the City’s sole negligence or willful misconduct, the City shall not be responsible for damage, operation, or maintenance of the modified service laterals.

3. **Point of Delivery.** By means of the Improvements, City shall deliver, or cause to be delivered to Gage, Olivewood Well water from the Riverside Canal Pipeline with sufficient pressure to cause such water to discharge into the service laterals modified as part of the Improvements and/or the Gage Canal. Gage shall be responsible as provided by the Operating Agreement for effectuating deliveries to the impacted Shareholders and Customers. The City shall not be deemed to have developed a customer relationship with the Shareholders by reason of this Agreement. Nothing in this Agreement alters, modifies, or amends the City’s legal relationship with the Customers arising by reason of the City irrigation contracts with such Customers.

4. **Gage Water Deliveries In Lieu of Conveyance Costs.** Pursuant to Water Code section 1810 et seq., the City may be entitled to fair compensation for conveying water on behalf of Gage. For the benefit of both parties and to satisfy Gage’s fair compensation obligation to the City, the parties have agreed that, during the period starting June 1st through November 1st of each year during the Term of this Agreement, and in addition to the parties’ other obligations under this Agreement, the City will deliver to Gage mutually-agreed-upon quantities of water from the City’s wells located in the Riverside and Rialto/Colton groundwater basins via the Riverside Canal Pipeline. In return, Gage will deliver an equal amount of water from its wells in the Bunker Hill Basin to the City at the Linden/Evans Reservoir. The City realizes this practice will have a significant benefit to its operational flexibility leading to cost savings in its treatment plan, justifying an equal amount of water for both parties

4.1 The City shall deliver to Gage water equal to the amount of water delivered by Gage to the City under this Section 4 at a ratio of 1.00 miners inch day to 1.00 miners inch day (“**MID**”). The transfer of water shall be simultaneous unless otherwise agreed to by the City and Gage. The amount of water to be transferred at any one time shall be as determined by the City and Gage and limited by each party’s needs and the carrying capacity of its facilities.

4.2 The quality of the water delivered by the City to Gage under this Section 4 shall be such that it is suitable for irrigation of citrus or other fruit-bearing trees and will not cause any significant short- or long-term adverse effects to these trees. This Agreement establishes no obligation on either party’s part to provide treatment for water provided pursuant to this Section 4.

Water samples shall be taken by City on the Effective Date and monthly thereafter during the Term and analyzed by a qualified laboratory. All laboratory results shall be provided to City and Gage at no cost to Gage. If Gage determines the water quality to be insufficient, Gage may terminate the parties' water transfer obligations under this Section 4. In that case and in satisfaction of any compensation that may be due to the City under Water Code section 1810, et seq, Gage will pay the City an amount equal to the City's actual cost of conveying water on behalf of Gage within thirty (30) days following the City's written demand therefor.

5. **No Change to 1965 Judgment or Operating Agreement.** This Agreement is for the purpose stated above. It makes no changes to the obligations of the parties under the Operating Agreement or the 1965 Judgment as to the operation and maintenance obligations of Gage for the Olivewood Pipeline or any other facility for which Gage is responsible under the Operating Agreement or the 1965 Judgment.

6. **Water Rights.** This Agreement does not enlarge, limit, or otherwise modify either party's water rights.

7. **Term.** This Agreement shall be effective for a period ("Term") commencing on the Effective Date and ending when the Olivewood Pipeline repairs are completed by Gage and Gage is able to resume water deliveries to the impacted Shareholders and Customers through the Olivewood Pipeline.

8. **Notices.** Service of any notices, bills, invoices, or other documents required or permitted under this Agreement shall be sufficient if sent by one party to the other by United States mail, postage prepaid and addressed as follows:

To City

Riverside Public Utilities
City of Riverside
Attn: General Manager
3750 University Avenue, 5th Floor
Riverside, CA 92501

To Gage

The Gage Canal Company
Attn: General Manager
7452 Dufferin Avenue
Riverside, CA 92504

9. **Venue.** 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 California, County of Riverside and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county.

10. **Waiver.** No action or failure to act by either party shall constitute a waiver of any right or duty afforded that party under this Agreement, nor shall any action or failure to act constitute an approval of or acquiescence in any breach thereunder, except as may be specifically provided in this Agreement or as may be agreed in writing.

11. **Severability.** Each provision, term, condition, covenant, and/or restriction, in whole and in part, in this Agreement shall be considered severable. In the event any provision, term, condition, covenant and/or restriction, in whole and/or in part, in this Agreement is declared invalid, unconstitutional, or void for any reason, such provision or part thereof shall be severed

from this Agreement and shall not affect any other provision, term, condition, covenant and/or restriction of this Agreement and the remainder of the Agreement shall continue in full force and effect.

12. **Amendments.** This Agreement may be modified or amended only by a written agreement executed by Gage and City.

13. **Authority.** The individuals executing this Agreement and the instruments referenced herein on behalf of a party each represent and warrant that they have the legal power, right and actual authority to bind the party on whose behalf they are signing to the terms and conditions hereof and thereof.

14. **Entire Agreement.** This Agreement constitutes the final, complete, and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior and contemporaneous understandings or agreements of the parties. Neither party has been induced to enter into this Agreement by, and neither party is relying on, any representation or warranty outside those expressly set forth in this Agreement.

15. **Digital and Counterpart Signatures.** Unless Gage is unable to use digital signatures, each party to this Agreement intends and agrees to the use of digital signatures that meet the requirements of the California Uniform Electronic Transactions Act (Civil Code §§ 1633.1, et seq.), California Government Code § 16.5, and California Code of Regulations Title 2 Division 7 Chapter 10, to execute this Agreement. The parties further agree that the digital signatures of the parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures for purposes of validity, enforceability, and admissibility. For purposes of this section, a “digital signature” is defined in subdivision (d) of Section 16.5 of the Government Code and is a type of “electronic signature” as defined in subdivision (h) of Section 1633.2 of the Civil Code. This Agreement may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one instrument. Each certified or authenticated electronic copy of an encrypted digital signature shall be deemed a duplicate original, constituting one and the same instrument and shall be binding on the parties hereto.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK;
SIGNATURES ON FOLLOWING PAGE]**

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed the day and year first above written.

CITY OF RIVERSIDE, a California charter city and municipal corporation

GAGE CANAL COMPANY, a California mutual benefit nonprofit corporation,

By: _____
City Manager

By: *Peggy Mauk*
[Peggy Mauk \(Jun 30, 2026 18:16:26 PDT\)](#)
Peggy Mauk
Its: President

Attest: _____
City Clerk

By: *J. A. Cowan*
[Joanna Ayon Cowan \(Jun 30, 2026 17:51:45 PDT\)](#)
Joanna Cowan
Its: Secretary

Certified as to Availability of Funds:

By: _____
Chief Financial Officer

Approved as to Form:

By: *Ruthann Salera*
Deputy City Attorney