

**AGREEMENT FOR PURCHASE OF WHOLESALE
RECLAIMED WATER FOR GROUNDWATER
RECHARGE**

by the

CITY OF CORONA

with reference to its

RECLAIMED WATER UTILITY

and

POTABLE WATER UTILITY

**AGREEMENT FOR PURCHASE OF WHOLESALE
RECLAIMED WATER FOR GROUNDWATER
RECHARGE**

THIS AGREEMENT FOR PURCHASE OF WHOLESALE RECLAIMED WATER FOR GROUNDWATER RECHARGE (the "Agreement") is made as of December 4th, 2019, by the CITY OF CORONA, a general law city and California municipal corporation organized under the constitution and laws of the State of California (the "City"), with reference to its Reclaimed Water Utility (the "Reclaimed Utility") and its Potable Water Utility (the "Water Utility") and the following recited facts:

RECITALS

A. WHEREAS, in 2006 the City of Corona Department of Water and Power ("DWP") developed a reclaimed water system as part of a long-term strategy to manage water supply and costs in order to be able to meet current and future water demands for the community; and

B. WHEREAS, as part of ongoing planning efforts, DWP completed an Urban Water Management Plan ("UWMP") in 2015 and a Groundwater Management Plan ("GWMP") in 2008, which identifies groundwater as a major source of DWP's current and future water supply portfolio; and

C. WHEREAS, the UWMP also identifies risks to DWP's water supply, including reductions in the Sierra Nevada snowpack, potential pumping cutbacks on the State Water and Central Valley Projects, and global climate change effects, all of which could impact local water supplies by reducing both imported and local groundwater availability; and

D. WHEREAS, based on potential risks to the City's imported water supplies, it is important for DWP to effectively manage and protect its local groundwater supplies, which led DWP, in 2013, to develop a Recharge Master Plan for its largest groundwater basin, the Temescal Basin, in order to define goals and potential sources of water for the artificial recharge of the Temescal Basin; and

E. WHEREAS, the Recharge Master Plan determined that the Temescal Basin is in a state of overdraft and long-term strategies are necessary to provide for groundwater sustainability including the purchase of excess imported water when available, developing and implementing storm water capture projects, and developing and implementing recovery projects that focus and capitalize on excess supplies of reclaimed water; and

F. WHEREAS, a cost analysis of the three long-term strategies indicated that the most desirable and beneficial strategy for groundwater recharge is the purchase of excess supply of reclaimed water; and

G. WHEREAS, the Reclaimed Water Utility has excess supply that the current customer base cannot consume; this excess supply can be put to beneficial use as groundwater

recharge.

H. WHEREAS, the Reclaimed Water Utility and the Potable Water Utility wish to enter into a mutually beneficial agreement for the purchase of excess reclaimed water owned by the Reclaimed Water Utility to be used by the Potable Water Utility for the purpose of groundwater recharge; and

I. WHEREAS, DWP caused a rate study, entitled the “City of Corona Potable and Reclaimed Water Rate Study Final Report, October 2019, to be prepared to determine the fair value for the sale of excess reclaimed water.

NOW, THEREFORE, IN CONSIDERATION OF THE PROMISES SET FORTH IN THIS AGREEMENT AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECLAIMED WATER FUND AND WATER FUND AGREE, AS FOLLOWS:

ARTICLE 1

DEFINITIONS

1.1 **Defined Terms.** In addition to the usage of certain words, terms or phrases that are defined elsewhere in this Agreement, the following words, terms and phrases are used in this Agreement, as follows, unless the particular context of usage of a word, term or phrase requires another interpretation:

1.1.1 **“Effective Date”** means the date on which this Agreement is approved by the City Council of the City.

1.1.2 **“Delivery Point”** means the Cota Recharge Ponds, as shown on the attached Exhibit “A,” which is the location where the Reclaimed Utility will deliver wholesale reclaimed water to the Water Utility.

1.1.3 **“Due Date”** means the last day of each fiscal year.

1.1.4 **“Initial Term”** means a period of five (5) years, unless terminated earlier as provided in this Agreement; provided that this Agreement may be extended by action of the City Council of Corona for up to five additional, consecutive five-year terms, on the same terms and conditions stated herein.

ARTICLE 2

CONDITIONS AND TERMS

2.1 **Quantity Available for Purchase.** Subject to the terms and conditions of this Agreement, the Water Utility may purchase, and the Reclaimed Utility agrees to sell and deliver to the Water Utility at the Delivery Point, up to 5,960 acre-feet of wholesale reclaimed water per year. The Reclaimed Utility shall be responsible for all energy and infrastructure up to the Delivery Point.

2.2 Purchase Price. The purchase price for wholesale reclaimed is One Hundred Sixty Dollars (\$160.00) per acre-foot ("Purchase Price") for the Initial Term of this Agreement. The Purchase Price shall be re-evaluated if this Agreement is extended beyond the Initial Term and an amendment to this Agreement shall be executed for any change in the Purchase Price.

2.3 Use of Reclaimed Water. The Water Utility shall use the reclaimed water sold and delivered pursuant to this Agreement for the purpose of groundwater recharge only. Subject to availability of wholesale reclaimed water, the Reclaimed Utility shall deliver wholesale reclaimed water to the Water Utility at such times and in such quantities as is available and beneficial, as determined by the DWP General Manager or his designee.

2.4 Billing and Payment Procedure. The Reclaimed Utility will provide a meter to measure all water delivered to the Delivery Point. On an annual basis, the meter will be read and recorded and a bill will be provided to the Water Utility for payment to the Reclaimed Utility, on or before the Due Date, in the form of a journal voucher transfer between the potable water fund (Fund 570) and the reclaimed water fund (Fund 567).

2.5 Ownership and Maintenance of Facilities. All equipment and facilities utilized to deliver reclaimed water to the Delivery Point shall remain the property of the Reclaimed Utility and the Reclaimed utility shall be responsible for any maintenance, improvements or expansion to such equipment and facilities.

2.6 Termination. This Agreement may be terminated at any time if the purchase of wholesale reclaimed water is no longer necessary for the Water Utility or if the Reclaimed Utility no longer has an excess of reclaimed water.

ARTICLE 3

GENERAL PROVISIONS

3.1 Incorporation of Recitals. The recitals of fact set forth preceding this Agreement are true and correct and are incorporated into this Agreement in their entirety by this reference.

3.2 Calculation of Time Periods. Unless otherwise specified, all references to time periods in this Agreement measured in days shall be to consecutive calendar days, all references to time periods in this Agreement measured in months shall be to consecutive calendar months and all references to time periods in this Agreement measured in years shall be to consecutive calendar years. Any reference to business days in this Agreement shall mean and refer to business days of the City.

3.3 Amendment. No amendment or modification of this Agreement shall be effective, unless it is made in writing by the City, following approval by the City Council of the City.

3.4 Severability. If any provision of this Agreement as applied to any Person or to any circumstance is adjudged by a court of competent jurisdiction to be void or unenforceable for

any reason, this fact shall in no way affect (to the maximum extent permissible by law) any other provision of this Agreement, the application of any such provision regarding another Person or under circumstances different from those adjudicated by the court, or the validity or enforceability of this Agreement as a whole.

3.5 Construction. Unless otherwise indicated, all article and section references are to the articles and sections of this Agreement. The headings used in this Agreement are provided for convenience of reference only and this Agreement shall be interpreted without reference to any headings. Whenever required by the context of this Agreement, the singular shall include the plural and the masculine shall include the feminine and vice versa. If the date on which any action is required to be taken under the terms of this Agreement is not a business day, the action shall be taken on the next succeeding business day. The use of the word "or" in this Agreement shall also include the word "and." The use of the word "including" in this Agreement shall be interpreted as though followed by the phrase "without limitation."

3.6 Governing Law. This Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California, without application of conflicts of laws principals.

3.7 No Third-Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any Person other than the City.

3.8 Binding on Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective legal representatives, successors and assigns.

3.9 Entire Agreement.

3.9.1 This Agreement includes six (6) pages that constitute the entire understanding and agreement regarding the subjects addressed in this Agreement.

3.9.2 This Agreement integrates all of the terms and conditions mentioned in this Agreement or incidental to this Agreement, and supersedes all previous agreements with respect to the subjects addressed in this Agreement.

[EXECUTED ON FOLLOWING PAGE]

**SIGNATURE PAGE TO
AGREEMENT FOR PURCHASE OF WHOLESALE RECLAIMED WATER FOR
GROUNDWATER RECHARGE**

(Between City of Corona Reclaimed Water Utility
and Potable Water Utility)

IN WITNESS WHEREOF, the City on behalf of the Reclaimed Water Utility and the Potable Water Utility executes this Agreement to evidence the obligations of each such fund under the terms and conditions of this Agreement.

CITY OF CORONA

By: _____
Jason Scott
Mayor

ATTEST:

By: _____
Sylvia Edwards
City Clerk

By: _____
Dean Derleth
City Attorney