

**PURCHASE AND SALE OF WATER AGREEMENT  
BETWEEN  
THE CITY OF REDDING  
AND  
ANDERSON COTTONWOOD IRRIGATION DISTRICT**

THIS AGREEMENT is made at Redding, California, by and between THE CITY OF REDDING, a Municipal Corporation ("CITY"), whose address is 777 Cypress Avenue, Redding, Ca. 96001 and ANDERSON COTTONWOOD IRRIGATION DISTRICT, ("DISTRICT"), a California Irrigation District, whose address is 2810 Silver Street, Anderson, CA 96007, for a Water Sales Agreement ("Agreement").

**RECITALS**

- A. District pursuant to its Contract No. 11-06-200-3346A-R-1 with the United States for Exchange of Water has the right, entitlement, and authorization to divert a quantity of water defined and hereafter referred to as "Base Supply" from the Sacramento River and tributaries thereto during the period April through October of each year. District has the right to divert Base Supply during the entitlement period for beneficial use within its service area;
- B. The Contract further provides that District may request additional points of diversion on the Sacramento River to receive water provided by the Contract without such designation being deemed an assignment or transfer requiring approval by the Bureau of Reclamation;
- C. The Contract provides that the Water shall be made available to District or its designee, without charge, at designated points of diversion on the Sacramento River and its tributaries; and

**NOW, THEREFORE, IT IS AGREED AS FOLLOWS:**

- 1. Term of Agreement: This Agreement shall be effective as of the date signed by the last party and its term shall continue thereafter through March 31, 2045, unless cancelled as provided in Section 10, below.
- 2. Delivery Point: The delivery point for the Water that is the subject of this Agreement exists on the Sacramento River at River Mile 246.7R (also known as Pump House No. 1) in Shasta County as described in Exhibit A, attached hereto and incorporated herein. District does not warrant the condition or suitability of diversion works for

City's purposes, and it is not responsible for any repairs or the operation and maintenance the diversion works.

3. Service Area. The Water purchased by City under this Agreement is intended to ~~shall~~ be used on lands located within the overlapping service area of City and District. The overlapping service area is depicted in Exhibit B, attached hereto and incorporated herein. City's diversion and use of the Water is subject to the terms and conditions of Contract No. 11-06-200-3346A-R-1.
4. Purchase and Sale of Water: District hereby agrees to sell to City as a new wholesale customer of District, and City hereby agrees to buy from District, a minimum of 500 acre feet of water in June of each year and up to 1,000 acre feet of water per month for the months of June, July, August and September during the term of this Agreement as hereinafter provided.
5. Payment for Water: The Water provided to City pursuant to this Agreement shall be billed at a wholesale rate of one hundred dollars (\$100.00) per acre foot for calendar year 2011. The wholesale rate shall be escalated annually thereafter at a rate of three percent (3%) on April 1 of each year for the first ten (10) years of the term of this Agreement, after which the parties will meet to discuss an adjustment of the escalation factor for the next ten-year period. In the event that the parties cannot reach agreement on an adjusted escalation factor within 60 days of each ten-year anniversary the wholesale rate shall be increased thereafter, annually, by 3% or an escalation factor based upon the change in the Consumer Price Index, all Urban Consumers (CPI-U) for the one year period preceding April 1 of each succeeding year of the term of this Agreement. (For example, the rate for the 11<sup>th</sup> year of this Agreement shall be the rate for the 10<sup>th</sup> year plus 3% or the CPI-U increase for the year ending April 1<sup>st</sup> of the 11<sup>th</sup> year, which ever is greater.) Payment from City to District will be made within thirty (30) days of receipt of invoice from District. District shall invoice City monthly in arrears. City shall pay for the minimum 500 acre foot allocation described in section 4 on or before June 1 of each calendar year.
6. Scheduling and Delivery of Water: District shall notify the United States acting through the Bureau of Reclamation that the Water purchased by City shall be delivered to City at the Delivery Point. City shall provide District an estimate of water to be purchased one calendar month in advance of delivery. City accepts all risks and costs associated with any failure or delay in

delivery, provided that District has notified the Bureau of Reclamation as provided for herein.

7. Drought Conditions: The Base Supply water contemplated by this Agreement is subject to critical year reductions by the Bureau of Reclamation. In the event the Bureau of Reclamation reduces Base Supply water available to District pursuant to its critical year reduction procedures, the total Base Supply water available to City will be subject to critical year reduction in the same proportion as other Base Supply water is reduced to District.

Provided, that, if a critical year reduction occurs at any time during the first five years of this Agreement, the total Base Supply water available to City will be 500 acre feet. Such water will be made available to City at a maximum rate of 125 acre feet per month for the months of June, July, August, and September. City will pay for the minimum allocation of 500 acre feet as described in Sections 4 and 5 of this Agreement.

8. Indemnification: Each party to this Agreement agrees to indemnify and hold the other party harmless, and to defend the other party for and against any and all third party losses, claims, damages, or liability arising out of, or relating to the subject of, this Agreement, to the extent caused, in whole or in part, by the willful misconduct, negligence, or other wrongdoing of the indemnifying party or any person employed by the indemnifying party for whom it is legally responsible.
9. Disputes: If any action is commenced to enforce any of the terms or conditions herein, or to enforce collection of monies due pursuant to this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and costs.
10. Date of Agreement: The date of this agreement shall be the date it is signed by the second party to sign.
11. Cancellation Clause: The agreement can be cancelled by either party by giving written notice. Cancellation would become effective five (5) years from the date of notification (or sooner if mutually agreed) to allow the other party time to make adjustments in their respective operating protocols. The written notice shall be provided on or before December 31 of any year of this Agreement, and the five year cancellation period shall commence on January 1 of the following year.

12. Entire Agreement. This embodies the entire agreement between the parties. Any prior or contemporary agreements, understandings, promises, or representations pertaining to the subject to this Agreement not expressly set forth herein are of no force and effect. No waiver, modification, or alteration of the terms of this Agreement shall be binding unless made in a writing signed by the parties.

**CERTIFICATION OF APPROVAL BY BOARD OF DIRECTORS**

The undersigned, Secretary of the Anderson Cottonwood Irrigation District, hereby certifies that approval to enter into this Water Supply Agreement between the City of Redding and Anderson-Cottonwood irrigation District was passed and approved by resolution of the Board of Directors of the Anderson-Cottonwood Irrigation District on MAR 1 1 2011.

**IN WITNESS WHEREOF**, the City of Redding and the Anderson-Cottonwood Irrigation District have executed the Agreement on the days and year set forth below:

CITY OF REDDING

Missy McArthur, Mayor

Attest:

Approved as to Form:

Pam Mize, City Clerk

Rick Duvernay, City Attorney

ANDERSON-COTTONWOOD IRRIGATION  
DISTRICT

Brenda L. Haynes  
Brenda Haynes, President

MAR 2 3 2011

Attest:

Stan Wangberg, Secretary