

**WATER SUPPLY AGREEMENT  
CITY OF COALINGA AND PLEASANT VALLEY WATER CONVEYANCE  
PARTNERS, LLC**

**2023 Agreement**

This Agreement is entered into by and between the City of Coalinga (“City”) and Pleasant Valley Water Conveyance Partners, LLC (“Farmers”), with respect to the following Recitals, which are a substantive part of this Agreement.

**RECITALS**

**WHEREAS**, from time to time, City may have the ability to sell excess USBR water to Farmers in the Pleasant Valley Water District that are located within the City’s defined USBR service territory; and

**WHEREAS**, City can make available excess contract water to Farmers to the benefit of City’s water ratepayers, and

**WHEREAS**, USBR water provided though City is good quality allowing Farmers to preserve ground water supplies; and

**WHEREAS**, when City desires to provide excess USBR water to Farmers and Farmers desire to acquire excess water from City, on the terms and conditions set forth in this Agreement, all for the mutual benefit of City and Farmers, and in conformity with applicable State and Federal regulations.

**NOW THEREFORE**, City and Farmers agree to the following:

1. Termination of 2018 Agreement. The previous Water Supply Agreement between City and Farmers executed by City on April 19, 2018, and amended effective May 28, 2020, is terminated.
2. Term of Agreement. This Agreement shall be effective for April 2023 water transactions mutually agreed by the parties, provided the Agreement is fully executed by City and each farmer listed hereto, for service to each farmer as each executes, and shall be effective until terminated by the City.
3. USBR Water Supply. This Agreement is for both contracted long-term USBR Water Supply (Contracted Water) available to City and Section 215 or other discounted USBR water (Discounted Water). Contracted or Discounted Water may be made available to Farmers to the extent it is made available to City by USBR, and after a full supply has been provided to City’s treated water customers, Water available to Farmers may also be reduced by allocations to other wholesale customers. When the supply of Discounted Water is terminated by the USBR, City’s Contract water may be available to Farmers on an as-available basis as determined month-to-month by City. In the event USBR determines Discounted Water supply has ended, with or without timely notice from USBR, and Farmers continues to take water under this Agreement, Farmers agree to pay the higher Contract price shown below for excess water beyond the Discounted Water supply, provided City is billed the higher price from USBR. City

shall use its best effort to notify Farmers as soon as City is notified by USBR of Discounted Water ending.

4. Price for Purchase Water. The price for standard contract water shall be based on the City's cost, plus a margin per acre-foot (AF) of fifty dollars (\$50.00) per AF. The following calculation shows April 2023 as an example. The actual price shall be updated as any of the cost components change, or any cost components are added to the City's cost.

2023 Water Price Components (as of April 2023)	
<u>Components</u>	<u>\$/AF</u>
USBR Contract Rate	\$77.45
USBR Trinity PUD Assessment	0.15
USBR "Environmental Restoration Fund"	24.05
San Luis Delta Mendota Water Authority	31.94
Westlands Canal Maintenance Fee*	<u>40.00</u>
Subtotal	\$173.59
Margin	<u>50.00</u>
Total	\$223.59

\* Estimated

Section 215 water or other USBR water may be made available to Farmers to the extent it is made available to City by USBR, after a full supply of Section 215 water has been provided to city treated water customers, and at the City's discretion. The price for Section 215 water shall be based on the City's cost plus fifty dollars (\$50.00) per AF.

In the event of the market value of untreated wholesale water increases substantially, due to drought or any other reason, City may request an increase in the margin component of the sales price. Farmers, at their sole discretion, may elect to purchase water at a higher margin, or decline purchases. Any such increase shall be done by amendment to this Agreement.

The price for all water sold from City to Farmers under this Agreement shall be inclusive of all costs incurred by City up to the Delivery Point. To the extent any of the cost components composing the total cost of the water are adjusted downward or upward by USBR, San Luis Delta Mendota Water Authority, or Westland's Water District during the term of this Agreement, City shall adjust the price to Farmers in the same amount. Under no circumstance shall City sell water to Farmers at a price that causes a financial loss to City. If the City's cost for any water sold to Farmers is adjusted downward after Farmers have paid the City therefor, City shall promptly refund any overpayment to Farmers.

5. Price for Water Conveyed Only. The price for water conveyed only shall be the sum of:
- A. San Luis Delta Mendota Water Authority Fee,
  - B. Westlands Canal Maintenance Fee,
  - C. Twenty-five dollars (\$25) per AF, and
  - D. Any other fees incurred by City for conveyance only.

Farmers shall provide, or cause to provide, evidence of ownership of all water conveyed by City on a monthly basis prior to the 10<sup>th</sup> day following each month of conveyance.

6. Monthly Sales Volumes. Water volumes shall be determined by Farmers and City prior to each calendar month. Farmers shall use their best effort to monitor water deliveries to not to exceed determined monthly volumes. Water volumes sold and conveyed under this agreement are fully interruptible. City may suspend deliveries at its sole discretion by notification to Farmers through Operating Communication.
7. Notices, Billing and Payment. City shall issue billing statements to Farmers following each month of water deliveries. Payment shall be rendered by Farmers to City within fifteen (15) days of the date of the statement. Notices, including billing statements may be communicated via email, provided the receiving party acknowledges receipt.

Billing Statements shall be sent to:

Pleasant Valley Water Conveyance Partners, LLC  
c/o NK Development  
13762 1<sup>st</sup> Avenue  
Hanford, CA 93230

James Nichols  
[james@nicholsfarms.com](mailto:james@nicholsfarms.com)  
559-772-1582

Payments shall be made to:

City of Coalinga  
155 W Durian Avenue  
Coalinga, CA 93210

Ms. Mai Vang  
Financial Services Director  
[mvang@coalinga.com](mailto:mvang@coalinga.com)  
559-935-1533 Ext. 129

8. Delivery Point. The Delivery Point for water sold hereunder shall be the Farmers' turn-out located near the end of the Coalinga Canal.
9. Resale. Water sold to Farmers under this Agreement is explicitly for use by Farmers on land that is within City's USBR service territory. Farmers' land for irrigation under this agreement is shown on the map on Attachment 1. Farmers shall not resale water purchased under this agreement.

10. Regulatory Compliance. The obligations of City and Farmers to perform under this Agreement are conditioned upon ongoing compliance, approvals, and consents, including without limitation consent from the USBR, Westlands Water District, the State Water Resources Control Board, and any other authority with jurisdiction impacting this Agreement.
11. Conflicts of Interest. Neither City, nor its City Manager, nor any City Council member, department head, manager, employee, consultant, or agent of City, shall give to or receive from any director, employee or agent of Farmers or any affiliate thereof any gift or entertainment of significant value, or any commission, fee, or rebate in connection with this Agreement.
12. Farmers. This Agreement is being entered into with Pleasant Valley Water Conveyance Partners, LLC. The Farmers that are parties to the LLC are listed as follows:

NK Development  
 13762 1<sup>st</sup> Avenue  
 Hanford, CA 93230  
 Attn: James Nichols

Sutter Avenue Coalinga CA, LP  
 1521 Westbranch Drive, Suite 100  
 Mclean, VA 22102  
 Attn: Bill Reiman

Wood Ag Management, Inc.  
 652 W. Cromwell, Suite 103  
 Fresno, CA 93711  
 Attn: Rex Buchanan

NBVInv AF4, LLC  
 P.O. Box 5379  
 Fresno, CA 93755  
 Attn: Phillip Christensen

Devine Farms, LLC  
 684 W. Cromwell Ave, Suite 107  
 Fresno, CA 93711  
 Attn: Brian Cederquist

Kreyenhagen Family, LLC  
 PO Box 270114  
 Louisville, CA 80027  
 Attn: James Kreyenhagen

The Farmers listed above agree to allocate water receipts cooperatively amongst their designated properties, track volumetric deliveries, and be responsible for full payment to City for water taken hereunder. Specifically, any one Farmer agrees to be responsible for full payment of all water taken in the event of nonpayment by one or more other Farmers.

13. Operating Communication. The City shall designate a representative for ongoing operating coordination with Farmers, and similarly Farmers shall designate a representative authorized to represent Farmers for operating coordination.
14. Counterpart Signatures. The parties hereto agree that this Agreement may be signed in counterparts such that each signature alone or combined with others agrees to this single binding Agreement.

*Signatures follow on page 5 of 8*

IN WITNESS WHEREOF, City and Farmers agree to the terms and conditions herein.

**CITY OF COALINGA**

By: \_\_\_\_\_  
Marissa Trejo  
City Manager

Date: \_\_\_\_\_

ATTEST:  
  
\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:  
  
\_\_\_\_\_  
City Attorney

**NK DEVELOPMENT**

By: \_\_\_\_\_  
Signature  
  
\_\_\_\_\_  
Name Printed

**SUTTER AVENUE COALINGA CA, LP**

By: \_\_\_\_\_  
Signature  
  
\_\_\_\_\_  
Name Printed

**WOOD AG MANAGEMENT INC.**

By: \_\_\_\_\_  
Signature  
  
\_\_\_\_\_  
Name Printed

**NVBI<sub>Inv</sub> AF4, LLC**

By: \_\_\_\_\_  
Signature  
  
\_\_\_\_\_  
Name Printed

**DEVINE FARMS, LLC**

By: \_\_\_\_\_  
Signature  
  
\_\_\_\_\_  
Name Printed

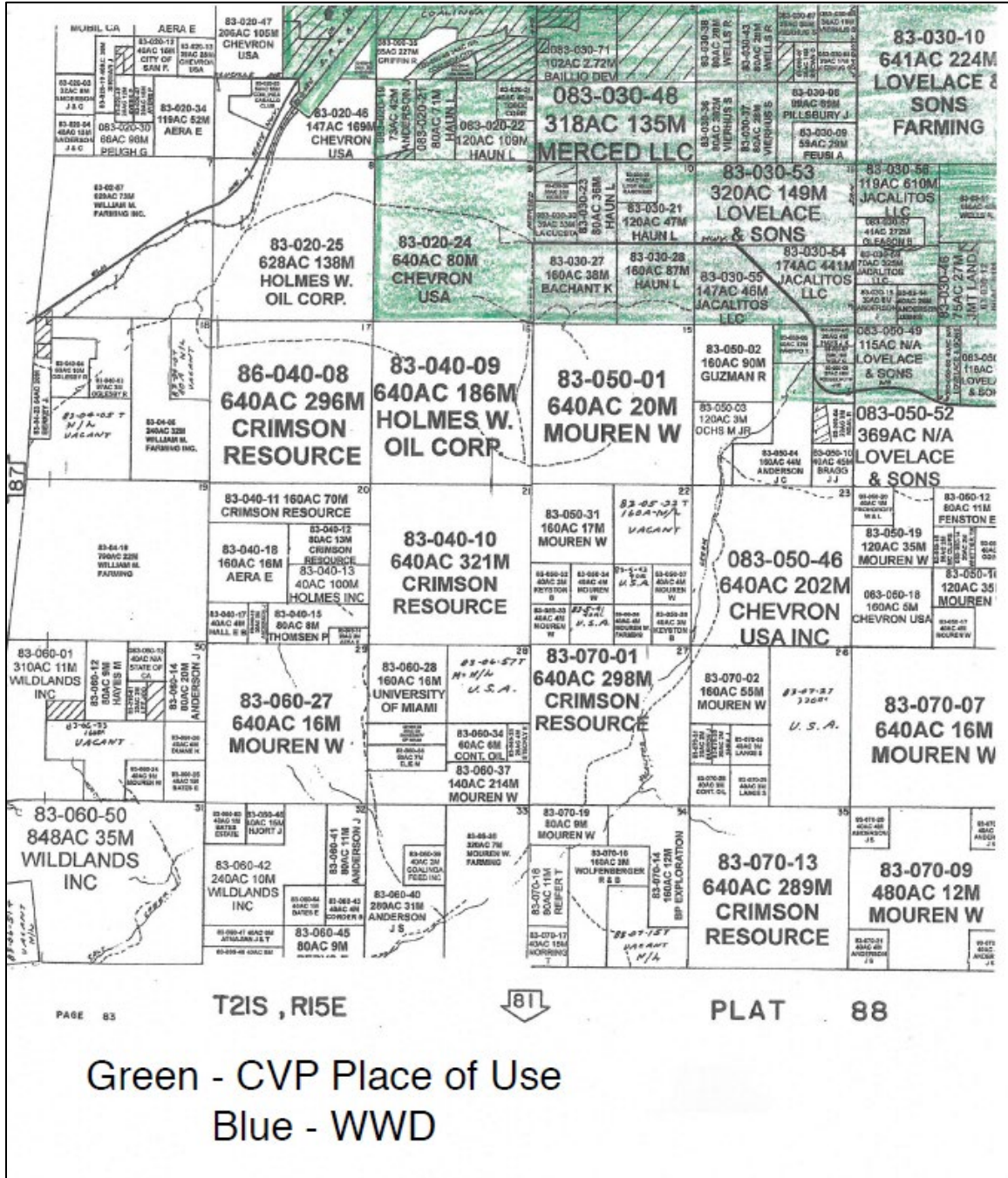
**KREYENHAGEN FAMILY, LLC**

By: \_\_\_\_\_  
Signature  
  
\_\_\_\_\_  
Name Printed

Attachment 1

Maps of Farm Parcels in Green that can be Served by City of Coalinga

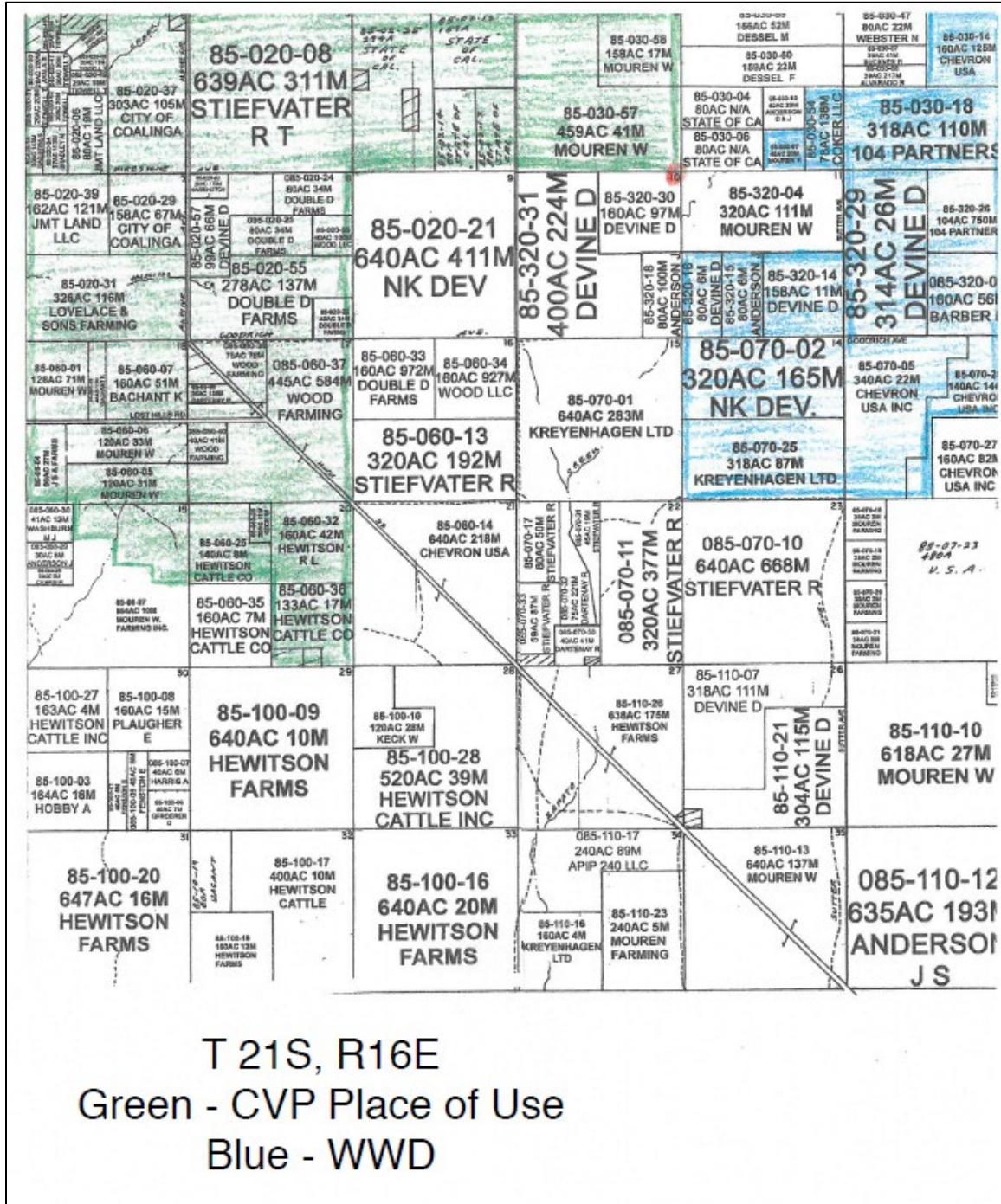
(All sections shaded below)



Attachment 1 (cont.)

Maps of Farm Parcels in Green that can be Served by City of Coalinga

(All sections shaded that are left of right two columns of sections)



Attachment 1 (cont.)

Maps of Farm Parcels in Green that can be Served by City of Coalinga

(Lower left two sections on bottom row only)

