

Supplemental Agreement between Sonoma County Water Agency and Gualala Community Services District

This Agreement is by and between Sonoma County Water Agency (hereinafter “Sonoma Water”), and Gualala Community Services District (“Gualala CSD”), referred to together as the Parties.

RECITALS

1. In 2016, Sonoma Water, Gualala GCSD, and Sea Ranch Golf Links, L.P. entered into an agreement (“Amended and Restated Agreement for Reclaimed Water Disposal on Golf Course,” referred to as “Reclaimed Water Agreement”) providing that the Sea Ranch Sanitation Zone of Sonoma Water (previously operated by Sonoma County as County Service Area #6, and previously referred to as CSA#6) would send wastewater to the Gualala CSD treatment plant for treatment, which water would then be use for irrigation of the golf course owned and operated by Sea Ranch Golf Links, L.P. As noted in the Reclaimed Water Agreement, this agreement followed from prior agreements of predecessor entities, starting in 1991.
2. The term of the Reclaimed Water Agreement is 40 years, and pursuant to Paragraph 26 of that agreement the Parties have met in good faith to negotiate over proposals to address changed circumstances. The Parties agree that the continuation of the Proposed Agreement is appropriate, but that the additional terms of this Agreement are mutually in the interest of the Parties.
3. Appendix II of the Reclaimed Water Agreement provides that Sonoma Water will pay Gualala CSD \$8.49 per 1,000 gallons of wastewater sent by Sonoma Water to the Gualala CSD treatment plant.
4. Through this Agreement, and in the interests of resiliency and sustainable operations for both Parties, Sonoma Water agrees to the additional payments provided for in this Agreement, the schedule for these payments, and a mechanism to adjust future payments.
5. The Parties agree that this Agreement is an economically reasonable arrangement for the Parties.

AGREEMENT

Sonoma Water and Gualala CSD agree as follows:

1. Recitals

The above recitals are true and correct and incorporated into this Agreement.

2. Payment for Treatment

Notwithstanding the Reclaimed Water Agreement, Sonoma Water will pay Gualala CSD \$13.28 per 1,000 gallons beginning upon the Effective Date of this Agreement. Gualala CSD shall invoice Sonoma Water monthly, and all invoices shall include the gallons that are the basis for the invoice. Payments shall be made within 45 days after Gualala CSD sends an invoice to Sonoma Water.

Beginning on January 1, 2025, this amount (\$13.28 per 1,000 gallons) shall automatically be increased in an amount equal to the non-seasonally adjusted U.S. Bureau of Labor's Consumer Price Index-U (CPI-U); provided however, that any increase in the contractual rate that results in a rate increase to the Sonoma Water Sea Ranch Sanitation Zone, as determined by Sonoma Water, will only go into effect after the Sea Ranch Sanitation Zone's new sewer rates go into effect. If the CPI-U ceases to exist, the Parties shall meet and agree on an alternative annual adjustment measure.

3. Resilience Payments

In order to ensure a resilient system, and in light of deferred system expenses by Gualala CSD, Sonoma Water shall pay Gualala CSD two payments as set forth below:

\$60,000 within 60 days of the Effective Date

\$60,000 on or before August 1, 2024

4. Effective Date and Term

The Effective Date of this Agreement is the latter date of execution by the Parties. This Agreement shall commence on the Effective Date and shall terminate on the termination date of the Reclaimed Water Agreement.

5. Indemnification

Gualala CSD shall indemnify Sonoma Water for any constitutional challenge to this Agreement brought by Gualala CSD or any Gualala CSD ratepayer. This section shall survive the termination of the Agreement.

6. Method and Place of Giving Notice, Submitting Bills and Making Payments

All notices, bills, and payments shall be made in writing and may be given by personal delivery or by mail. Notices, bills, and payments sent by mail shall be addressed as follows:

Sonoma County Water Agency Attention: Water Agency Principal Engineer – Operations Engineering 404 Aviation Blvd. Santa Rosa, CA 95403	General Manager Gualala Community Services District PO Box 124 Gualala, CA 95445
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And when so addressed, shall be deemed given upon deposit in the United States mail, postage prepaid. In all other instances, notices, bills, and payments shall be deemed given at the time of actual delivery. Changes may be made in the names and addresses of the person to whom notices, bills, and payments are to be given by giving notice pursuant to this paragraph.

7. **Miscellaneous Provisions**

- A. **Construction**: To the fullest extent allowed by law, the provisions of this Agreement shall be construed and given effect in a manner that avoids any violation of statute, ordinance, regulation, or law.

The Parties acknowledge that they have each contributed to the making of this Agreement and that, in the event of a dispute over the interpretation of this Agreement; the language of the Agreement will not be construed against one party in favor of the other. The Parties acknowledge that they have each had an adequate opportunity to consult with counsel in the negotiation and preparation of this Agreement.

- B. **Third Party Beneficiaries**: Nothing contained in this Agreement shall be construed to create and the parties do not intend to create any rights in third parties.
- C. **Captions**: The captions in this Agreement are solely for convenience of reference. They are not a part of this Agreement and shall have no effect on its construction or interpretation.
- D. **Merger**: This writing is intended both as the final expression of the agreement between the Parties hereto with respect to the included terms and as a complete and exclusive statement of the terms of the agreement, pursuant to Code of Civil Procedure Section 1856. No modification of this Agreement shall be effective unless and until such modification is evidenced by a writing signed by both Parties.
- E. **Time of Essence**: Time is and shall be of the essence of this Agreement and every provision hereof.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as set forth below.

Gualala Community Services District

Signature: _____

(Please print name here)

Title: _____

Date: _____

Sonoma County Water Agency

By: _____

Grant Davis, General Manager

Date: _____

Reviewed as to form by counsel for Sonoma
Water:

County Counsel