

**FIRST AMENDMENT TO
WATER SUPPLY CONTRACT BETWEEN
THE CITY OF NAPA AND
THE CONGRESS VALLEY WATER DISTRICT
(CITY AGREEMENT NO. 5387)**

THIS FIRST AMENDMENT to the Water Supply Contract (hereinafter “First Amendment”) between the CITY OF NAPA, a California charter city (hereinafter referred to as the “City”) and CONGRESS VALLEY WATER DISTRICT, a County Water District (formerly the Congress County Water District, and hereinafter referred to as “District”) is entered into as of the ____ day of _____, 2017.

RECITALS

- A. On or about July 1987, the City and District entered into the Water Supply Contract (City Agreement No. 5387, hereinafter referred to as “Agreement”), which describes the terms by which the City supplies water to the District.
- B. Pursuant to the Agreement, the District is responsible to initiate proceedings to dissolve the District during the final year of the Agreement, prior to expiration on July 1, 2017.
- C. The parties have agreed to extend the term of the Agreement in order to allow for the ongoing provision of water service to properties within the District.
- D. Accordingly, the parties now desire to amend the terms of the Agreement to extend the term for a period of five years, and to modify other terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises contained in this First Amendment, and for other good and valuable consideration, the parties agree as follows:

ARTICLE 1. TERM

Section 1 of the Agreement is hereby deleted and replaced with the following:

“This Agreement shall become effective upon its execution by both parties. The term of this Agreement shall end on July 1, 2022, unless terminated earlier in accordance with the terms of this Agreement.”

ARTICLE 2. ANNEXATION TO CITY

Section 5 of the Agreement is hereby deleted in its entirety. The City and the District hereby agree that the City is not required to make any payment to the District under the terms of former Section 5 of the Agreement.

ARTICLE 3. PRICE AND PAYMENT

Section 6 of the Agreement is hereby deleted and replaced with the following:

“6. PRICE AND PAYMENT.

6a. In return for all water provided by the City to the District, and customers within the District, in accordance with the terms of this Agreement, effective January 1, 2018, the District shall pay the City at the rates and fees in effect for “Outside City” customers, including the fees to cover the City’s costs to install or modify water services. Each rate and fee identified in this Section 6 (6a through 6d) shall be as defined by resolution adopted by the City Council.

6b. In lieu of the City collecting rates and fees from the District (pursuant to Section 6a), the District hereby authorizes the City to directly bill and collect from each customer within the District the rates and fees that would otherwise be owed by the District, under the terms set forth in Sections 6c through 6e.

6c. The City shall establish an individual account with each customer (property owner or other responsible party) within the District in order to directly bill and collect the Outside City water rates and fees from each customer.

6d. As a condition of the City providing any new or modified water service: (1) the District shall provide written approval to the City, and (2) the customer has paid the City a water capacity fee (formally called connection fee).

6e. Any customer receiving City water under the terms of this Agreement shall be subject to the requirements imposed on any other person receiving City water service in accordance with Napa Municipal Code Title 13.

6f. This Agreement does not prohibit the District from establishing separate fees or charges, in addition to the Outside City water fees and rates described above, to be imposed on customers and collected by the District.”

ARTICLE 4. COLLECTION AND DISBURSEMENT OF FUNDS

Section 7 of the Agreement is hereby deleted in its entirety.

ARTICLE 5. RESPONSIBILITY OF THE CITY

Section 11b of the Agreement is hereby deleted and replaced with the text set forth below. The City and the District hereby agree that the City is not required to make any payment to the District under the terms of former Section 11b of the Agreement.

“The City shall be responsible for the complete operation, maintenance and later replacement of the distribution system serving the properties within the District. The City’s responsibility ends at the meter connection to each property.”

ARTICLE 6. RESPONSIBILITY OF THE DISTRICT

Section 12b of the Agreement is hereby deleted and replaced with the following:

“No later than two (2) years prior to the termination of this agreement, the District shall initiate and facilitate discussions with the City, LAFCO, Napa County and others as appropriate to establish a transition plan for the ongoing provision of water service to the properties within the District. The plan may include some combination of the District’s initiation of dissolution proceedings, the City otherwise taking over the District’s responsibilities to provide water service, a longer term commitment by the District to continue to provide water service, or another option mutually agreeable by the District and the City.

In consideration of the services provided by the City under the terms of this Agreement, no later than thirty (30) days prior to the termination of this Agreement, the District shall convey to the City title to all physical system assets of the District. The District’s physical system assets estimated to be in place at the end of this Agreement are as described on Exhibit “C,” attached hereto and incorporated herein by reference.

The District hereby authorizes the City to “wheel” water through District pipelines at no additional compensation.

The District shall be responsible for giving notice to property owners within the District of the increase in rates and fees under Proposition 218. Should there be a majority protest such that the District may not impose the increase in rates and fees, the District may terminate this Agreement.”

ARTICLE 7. FULL FORCE AND EFFECT

Except as expressly modified by this First Amendment, all terms and conditions contained in the original Agreement (City Agreement No. 5387) shall remain in full force and effect.

IN WITNESS WHEREOF, City and District have executed this First Amendment as of the day and year first above written.

CITY OF NAPA:

**CONGRESS VALLEY WATER
DISTRICT, A COUNTY WATER
DISTRICT:**

By: _____
(Signature)

By: _____
(Signature)

Jacques R. LaRochelle, Public Works Director
(Type Name and Title)

(Type Name and Title)

ATTEST:

ATTEST:

(Signature)

(Signature)

Dorothy Roberts, City Clerk
(Type Name and Title)

(Type Name and Title)

COUNTERSIGNED:

COUNTERSIGNED:

(Signature)

(Signature)

Desiree Brun, City Auditor
(Type Name and Title)

(Type Name and Title)

APPROVED AS TO FORM:

APPROVED AS TO FORM:

(Signature)

(Signature)

Michael Barrett, City Attorney
(Type Name and Title)

(Type Name and Title)

EXHIBIT C
to First Amendment to the Water Supply Contract Between
The City of Napa and the Congress Valley Water District
(City Agreement No. 5387)

Description of District's Physical System Assets

The Congress Valley Water District's physical system assets estimated to be in place at the end of this Agreement are described as all water pipelines, service lines, valves, fire hydrants, meters and other appurtenances within the District's boundaries that are associated with the conveyance, operation, maintenance, monitoring and/or control of the of water supply from the City of Napa.