

WATER RULE 16**CONVEYANCE OF WATER RIGHTS
AND
WATER STOCK****A. WATER RIGHTS AND STOCK TO CITY**

Applicable to all parcels of land with a gross acreage of less than 2-1/2 acres and having received irrigation water from a mutual water company except for Gage Canal Company.

All lands under a gross acreage of less than 2-1/2 acres of land shall forfeit all water rights or water stock which are appurtenant to the property and convey same to the City as a condition of receiving domestic water. The water rights or water stock will be donated to the City unless previous contractual agreements are on record with the City.

B. STOCK AND CONTRACT TRANSFERS

Whenever a water stock certificate or water contract must be changed or reissued by the City, a processing fee will be charged for the following water companies:

Gage Canal Company (Contracts Only)

See Water Appendix A for amount.

C. GAGE CANAL COMPANY WATER ENTITLEMENTS

Subject to conditions outlined in various City and Gage Canal Company Agreements, such as "Agreement for Operation of Gage Canal Facilities", the "By-Laws of the Gage Canal Company", and the "Stipulation for Judgment in Eminent Domain and Final Order of Condemnation", the following procedures shall be utilized when either contracting or transferring water entitlements:

Transfer of Shares or Contracts to new owner of existing property to which the shares are appurtenant for continued agricultural use. This action is defined in Section #8 of the "Agreement for Sale of Gage Canal Company Shares" (Sales Agreement) and does not require City consent. Does not impact existing City water supplies.

Turning in Shares to City without a request for “Contract for Delivery of Irrigation Water” (Contract). This is the completion of the original Sales Agreement and final payment of \$175 is made by the City. The City receives the shares and the water and the water entitlement represented by the shares for domestic use.

Conversion of Shares to Contract for Delivery of Irrigation Water to other lands within the Gage Canal service area. The original shareholder with shares excess to their needs offers, through the Gage Canal Company, to make these shares available. Other property owners, by virtue of Sales Agreement Item #7, within the service area contract with the City for the water entitlement represented by the shares. The City receives the Gage shares but **not** the water entitlement. City approval is required per Section 4 of the “Agreement for Operation of Gage Canal Facilities”. This approval is required but must be given.

The following types of transfers or contracts which would subtract from existing Water Utility domestic water supply will not be approved.

Request for Water Contracts for land on which the Gage water shares have been sold or transferred to the City. These contracts would be based on shares that have been turned into the City, the final \$175 payment has been made and the terms of the Sales Agreement are complete. This type of transaction would **not** receive City approval.

Request for Water Contracts for Additional Water added to existing shares up to a maximum of three (3) shares per acre (Negotiating Report Section D.2.h.). These contracts would be based on shares that have been turned in to the City and terms of the Sales Agreement are complete or the City has purchased shares outright. This type of transaction would **not** receive City approval.

Shares turned into City for which no Sales Agreement was signed. These shares do not have a commitment for a Contract. The City has agreed to purchase all shares of this type for \$225 per share. Shareholders may transfer water entitlement from one parcel of land to another belonging to them (Negotiating Report Section D.4.h). City will **not** approve transfer of water entitlement to land **not** owned by shareholder.

Transfer of Contract for Delivery of irrigation water from one parcel of land to another parcel of land. The City will **not** allow the transfer as the Contract is appurtenant to the described parcel.