

## **WATER RIGHT LICENSE AND AGREEMENT**

For valuable consideration, the **Chevron U.S.A. Inc.** ("Chevron") hereby grants to the **City of Manhattan Beach** ("Manhattan Beach") during the period commencing July 1, 2012 and continuing to and including June 30, 2015, a license ("License") to extract nine hundred fifty (950) acre-feet of Chevron's Adjudicated Right allocated to Chevron (or predecessors in interest) pursuant to the judgment dated August 18, 1961, and entered in Los Angeles Superior Court Case No. 506806 entitled "California Water Service Company, et al. vs. City of Compton, et al." ("Judgment"), which Judgment is administered for the court by the "Watermaster".

Said License is granted, subject to the following conditions:

- (1) Manhattan Beach shall exercise said right and extract the water as a licensee of Chevron during the period above specified and put the water to beneficial use. Manhattan Beach shall not by the exercise hereunder of said right, acquire any right to extract water independent of the rights of Chevron.
- (2) Manhattan Beach shall pay assessments levied on the pumping of said ground water by the Water Replenishment District of Southern California, "Replenishment District", and a portion of Chevron's share of the annual Watermaster Service budget in the ratio of the quantity specified above divided by Chevron's total Adjudicated Right of 4,601.3 acre feet per year.
- (3) Manhattan Beach shall notify the Replenishment District and Watermaster that said pumping was done pursuant to this license and provide the Watermaster with a copy of the document.
- (4) Manhattan Beach shall note, in any recording of water production for the period of this license, that said pumping was done pursuant to this license.
- (5) Manhattan Beach's Adjudicated Right shall be increased by the amount hereby licensed when computing carryover or allowable over-extraction as provided by Paragraph V in said Judgment.
- (6) Manhattan Beach acquires hereunder pumping rights only and should be responsible to provide the means and location to effect said pumping itself and shall bear the cost of said pumping.
- (7) Chevron warrants that it has Adjudicated Right in the quantity licensed above and that it will not pump or permit or license any other person to pump any part of said quantity during the period specified above.

[ISGNATURES ARE ON THE NEXT PAGE]

Chevron:  
**CHEVRON U.S.A. INC.**

Manhattan Beach:  
**CITY OF MANHATTAN BEACH**

By: \_\_\_\_\_  
Date: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Date: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTESTED:** \_\_\_\_\_  
City Clerk

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

**APPROVED AS TO FORM:**

\_\_\_\_\_  
City Attorney

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

## **COST AGREEMENT**

In consideration for the license to use West Basin water rights pursuant to the Water Right License and Agreement dated and executed concurrently herewith (the "License"), the **City of Manhattan Beach** ("Manhattan Beach") agrees to pay to **Chevron U.S.A. Inc.** ("Chevron") in addition to the payments required in Paragraphs (2) and (7) of the License, a fee for each acre foot of water Manhattan Beach is allowed to extract under the License (whether or not Manhattan Beach actually extracts the full amount allowed or not). This fee, (the "Usage Fee(s)") shall be One Hundred Seven Dollars and No Cents (\$107.00) per acre foot for the first water year from July 1, 2012 through June 30, 2013. The Usage Fee for the two subsequent water years shall be adjusted on the first day of each subsequent year according to the following formula:

$$R_{\text{year } n} = R_{\text{year } n-1} \times \frac{\text{CPI}_{\text{June., } n-1}}{\text{CPI}_{\text{June., } n-2}}$$

wherein  $R_{\text{year } n}$  = the Usage Fee charged during the year n.

$R_{\text{year } n-1}$  = the Usage Fee charged during the year n-1.

$\text{CPI}_{\text{June., } n-1}$  = the CPI Index for June for the year n-1.

$\text{CPI}_{\text{June., } n-2}$  = the CPI Index for June for the year n-2.

As used above, "CPI Index" means the "unadjusted" official United States Department of Labor Bureau of Economic Statistics Consumer Price Index for All Items, All Urban Consumers appearing monthly in the publication of the United States Department of Labor, Bureau of Labor Statistics. The present basis for such index is the index of 1982=100. If the basis for calculating the foregoing index is changed at any time during the life of this Agreement, appropriate adjustments shall be made in the above formula. If the U.S. Department of Consumer Price Index for All Items, All Urban Consumers ceases to be published, another suitable index published by the United States government, or other organization generally recognized by the trade as authoritative regarding changes in the United States of equivalent commodity costs, shall be used.

The Usage Fees shall be payable annually and shall be due on July 1, 2012 and every July 1 thereafter for the term of the License.

[SIGNATURES ARE ON THE NEXT PAGE]

Chevron:  
**CHEVRON U.S.A. INC.**

Manhattan Beach:  
**CITY OF MANHATTAN BEACH**

By: \_\_\_\_\_  
Date: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Date: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTESTED:** \_\_\_\_\_  
City Clerk  
Date: \_\_\_\_\_

**APPROVED AS TO FORM:**

\_\_\_\_\_  
City Attorney  
Date: \_\_\_\_\_