

Sample Bulk Water Purchase Agreement

THIS CONTRACT for the sale and purchase of water is entered into as of the _____ day of _____, (year), between _____ Regional Water Association, Inc., (hereinafter referred to as the “Seller”) and the (City) Municipal Waterworks, (hereinafter referred to as the “Purchaser”).

WITNESSETH:

WHEREAS, the Purchaser requires a supply of treated water and the Seller is organized and established under the provisions of Chapter 504A, *Code of Iowa*, and owns and operates a water supply and distribution system and;

WHEREAS, the Board of Directors of _____ Regional Water Association, Inc., has approve the sale of water to the Purchaser in accordance with the provisions of this agreement and the execution there of by the Executive Director; and

WHEREAS, the Board of Trustees of the (City) Municipal Waterworks has approved the purchase of water from the Seller under the terms and conditions of this agreement and has authorized and directed the Chairman and Secretary to execute the same on behalf of the Purchaser,

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth, it is mutually agreed:

1. **Term of Agreement.** This agreement shall be effective upon the date of delivery of water under the terms of this agreement and shall continue for a period of forty (40) years. After the initial forty (40) year period, this agreement shall continue for four (4) additional periods of five (5) years each. Either party may cancel this agreement after the initial forty (40) year term by giving written notice to the other of its intent to cancel not less than nine (9) months prior to the beginning of any renewal period. Notice of same must be sent by certified mail. This agreement may be extended beyond the above terms by mutual consent of the parties. The Purchaser may not excuse itself from the agreement if it finds others sources of water which might be less costly.

2. **Quality and Quantity.** During the term of this agreement or any renewal or extension thereof, Seller shall furnish water to Purchaser at the point of delivery hereinafter specified , which shall meet quality standards of State, Federal, and other regulatory agencies. Seller will not be responsible for water quality beyond the point of delivery. Purchaser agrees to purchase a minimum of (x) million gallons of water per month commencing upon the effective date of this

agreement. Except as otherwise provided in this agreement and subject to the needs of the Purchaser, Seller agrees to provide a maximum of (Y) million gallons each month to the purchaser. Following the end of the first 5 year period covered by this contract and at the end of each succeeding 5 year period, the maximum gallons allowed to be purchased per month shall be increased by the same percentage as the average monthly gallons purchased has increased over that 5 year period.

Seller will not be responsible for quality or quantity in the event that the Seller is unable to perform for reason or reasons beyond its control. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire, and the use of water to fight fires, earthquake, or other catastrophe or circumstances beyond the control of the Seller or acts of God shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service. During such failure Purchaser shall be excused from minimum monthly gallon purchase as provided herein.

3. **Point of Delivery and Pressure.** Water will be delivered to the point of delivery at a reasonably constant pressure. The “point of delivery” shall be located on _____, or at such other locations as may be agreed upon by the parties. Water pressure at the point of delivery shall be sufficient to fill the Purchaser’s water tower. Ownership and installation of the meter, control equipment and pump station shall be with the Seller. Purchaser shall be responsible for the purchase of any real estate that may be required for the purposes of this agreement.
4. **Metering Equipment.** Seller agrees to operate and maintain at its own expense at the point of delivery all necessary metering equipment, pumping station, radio control monitoring equipment and the required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment at the manufacturer’s recommended interval or whenever the parties reasonably believe that such may be in error. A meter registering not more than two percent above or below the actual flow shall be deemed to be accurate. If calibration should disclose an inaccuracy of over two percent in the metering device, the parties shall attempt to adjust the bills rendered during the period of inaccuracy to their mutual satisfaction. In the event the parties cannot agree, the billing will be adjusted based on the usage for the same time period in the previous year considering the number of customers on the Purchaser’s lines for each period. Authorized representatives of Purchaser and Seller shall at all times have access to the metering devices.
5. **Billing Procedures.** Seller shall mail self-billing supplies to Purchaser. Purchaser shall read the meter on the first day of each month and deliver its monthly payment to Seller on or before the 25th day of each month. Purchaser shall log readings in billing book and find the water consumption per month by subtracting the previous month reading from the present month readings.

Purchaser shall enter the amount due on the billing book stub and the billing slip and mail slip with check to Seller in envelopes provided. Payments received after the 25th of the month are subject to a ten percent (10%) late payment charge.

6. **Rates.** During the first five (5) years of this agreement, Purchaser agrees to pay the Seller for water delivered in accordance with the follow schedule of rates:
 - a. \$ 0.00 per 1000 gallons for the first 5,000,000 gallons per month
 - b. \$ 0.00 per 1000 gallons for water in excess of 5,000,000 gallons per month.

After the first five (5) years of this agreement, and each and every consecutive year thereafter, any increase or decrease in rates shall be based upon a demonstrable increase or decrease in the Seller's costs. All rate adjustments will be apportioned to all classes of uses.

7. **Delivery of Water.** Thirty (30) days prior to the estimated date of delivery of water, the Seller shall notify the Purchaser in writing of the date for the initial delivery of water to the Purchaser for resale to the customers of Purchaser.

8. **Default of the Seller.** The Seller will operate and maintain its system as efficiently as possible under the circumstances then existing and will take such action as necessary to furnish the Purchaser with quantities of water set forth in this agreement; temporary or partial failures to deliver water shall be remedied with all possible dispatch.

In the event of an extended shortage of water or if the supply of water available to the Seller is otherwise diminished over an extended period of time, Seller may reduce Purchaser's supply of water in the same ratio or proportion as such is reduced to other customers of the Seller.

9. **Default by Purchaser.** In the event Purchaser fails to pay for the delivery of water as set forth in this agreement, Seller may at its option terminate this Contract and disconnect Purchaser from Seller's supply lines.
10. **Maintenance by Purchaser.** Accidents or other causes resulting in waste or loss of water after delivery to the master meter shall not entitle Purchaser to any adjustment or reduction in bills or water delivered hereunder. Purchaser will properly care for and maintain all water mains and other appurtenances served by water hereunder and will prevent excessive leakage and waste therefrom.
11. **Indemnification.** Purchaser covenants and warrants that will exonerate, indemnify, and hold harmless the Seller, its agents and employees, from and against any and all third-party claims, made or asserted against the Purchaser, its agents or employees, arising out of or in any way connected with the performance or non-performance of this agreement by the Purchaser. The Purchaser reserves

its rights to any direct action or to interplead or cross-claim against Seller in the event Seller be in breach of any of the terms or conditions of this contract.

12. **Indemnification.** Seller covenants and warrants that it will exonerate, indemnify and hold harmless the Purchaser, its agents and employees, from and against any and all third-party claims, made or asserted against the Purchaser, its agents or employees, arising out of or in any way connected with the performance or non-performance of this agreement by the seller. The Seller reserves its rights to any direct action or to interplead or cross-claim against Purchaser in the event Purchaser be in breach of any of the terms or condition of this contract.
13. **Regulatory Agencies.** It is mutually agreed between the Seller and Purchaser that they will cooperate in obtaining such permits, certificates, or the like which may be required to comply with the laws, rules, and regulation of regulatory agencies.
14. **USDA-RD Approval.** The construction of the water supply and distribution system by the Seller is financed by a loan or loans made or insured by, and/or a grant or grants from the United States of America acting through the Rural Development Administration of the United States Department of Agriculture; and the undertakings of the Seller are conditioned upon the approval of the State Director of the Rural Development Administration.
15. **Miscellaneous.** This agreement is between the parties hereto, and Seller has not agreement expressed or imply with customers of Purchaser.

Neither party shall acquire any rights whatsoever in the water system of the other, including but not limited to pipe, wells, towers, treatment facilities or any other part of said system.

Unless otherwise provided herein, either party shall have the right to seek redress for any violation of terms of this agreement through any legal or equitable remedy available to it.

City Municipal Waterworks

Regional Water Association