

MASTER WATER AGREEMENT

THIS AGREEMENT, is made and entered into this 25 day of MAY, 1995, by and between the **SOLANO IRRIGATION DISTRICT**, an irrigation district organized and existing under and by virtue of Division 11 of the Water Code of the State of California (hereinafter referred to as "District") and the **CITY OF VACAVILLE**, a municipal corporation, formed and existing under the laws of the State of California (hereinafter referred to as "City").

RECITALS

The parties hereto agree that the following recitals are true and correct and that they reflect the understanding and intent of the parties in making this Agreement.

1. **Unprecedented Growth:** Pressures from urbanization within Solano County have affected both lands within municipal boundaries as well as lands in unincorporated areas of the County, including large portions of property within District's boundaries and service areas. These growth pressures are inconsistent with and were not contemplated by existing water contracts, allotments and distributions. In particular, urban growth pressures have caused continued disruptions in the ability of District to protect and preserve agricultural lands. As increased urbanization has occurred in both incorporated and unincorporated areas of Solano County, District has been requested to supply waters to these urban areas from its apportionment from the Solano Project and from other water sources available to District.

2. **Need for Municipal Water:** City has insufficient water allotments to supply new urban uses for full buildout of the 1990 Vacaville General Plan, as adopted by and as amended the Vacaville City Council in August, 1990 as of the date of this Agreement. (hereinafter "General Plan"). If new water supplies are not made available then accommodation of new population growth in Solano County will be curtailed in municipal areas such as the City of Vacaville, all to the potential detriment of the preservation and protection of prime agricultural lands due to pressures arising from, among other things, the attempt to meet the fair share housing needs of the region. Even with the full provision of the water contemplated under this agreement, City will not have enough water for full build under the General Plan and must, therefore, either work with District or others to secure additional supplies of water or revise the General Plan to reduce areas proposed to be annexed in the future.

c. Protecting the natural environment that City's citizens and District's landowners and water users enjoy.

d. Establishing as a condition of District's providing water to City and lands within City's boundaries in the four areas ultimate urban boundaries to the east and south of City, and long term limits on the west and north including, in particular, the agreement by City not to expand or consider expanding into the area adjacent to and west of the existing city limits between Foothill and Mix Canyon Roads, until, at least, the year 2005.

e. Accommodating reasonable urban growth consistent with regional housing needs while maintaining productive agriculture on prime soils. The General Plan and this agreement recognize the need to give priority to the preservation and protection of prime agricultural lands.

f. Recognizing that urban sprawl is a problem for City, District and agricultural interests and, therefore, phased, moderate growth is beneficial to the municipal and agricultural communities as a whole. A shared policy between City and District could provide both urban and agricultural interests a comprehensive and secure basis for future urban and agricultural investments.

g. That it was to the mutual benefit of City and District to support each other's predominate social purposes by:

1. having City plan for and provide a buffer area on its Northwestern, southern, and eastern limits in order for the District to protect prime agricultural lands from new urban expansion,

2. having District supply additional water to City in order to facilitate urban development within prescribed boundaries which further District's goals of insuring the long-term stability of agricultural production beyond those urban boundaries and its goal of providing an economic base from which the District can continue to supply water to lands within District and City common boundaries.

h. Finally, the agreement seeks to establish a framework for the joint and mutual use and coordination of use of groundwater within the Urban Service area. District recognizes that City relies upon its underlying groundwater resources in addition to water from the Solano Water Project through Putah South Canal, the North Bay Aqueduct, and pursuant to the provisions of the existing 1972 Agreement. City and District are committed to joint efforts to protect groundwater in the area and to protect the City's and District's continued use of groundwater resource.

G. "Serve Water to Lands" shall mean the direct or indirect provision of water for use on such land either by application to the soil or by human or physical consumption. "Indirect" shall include the provision of water by either party to any agency other than the cities of Vacaville or Dixon. For purposes of this agreement, "provide" means to physically deliver, allot, sell, exchange or contract for delivery, allotment, sale or exchange directly or indirectly.

H. "Four Service Areas" shall mean the 1972 Agreement Area, The Nut Tree Area, The Allison-Ulatis area and Lower Lagoon Valley as shown on Exhibit B, included in these areas are the limits of residential areas. Additions to service areas for non-residential uses shall be considered under Section 5.3 of this Agreement.

I. "Water Delivered to City" shall mean all that water delivered by District to City for the City to treat and deliver to its own customers.

J. "Direct Delivery by District" is all that water delivered by District to its own customers.

SECTION 3. AGREEMENT BY CITY TO LIMIT ANNEXATIONS AND DEVELOPMENT BEYOND URBAN SERVICE AREA FOR TERM OF AGREEMENT.

Consistent with the goals and policies of its revised and amended General Plan, City agrees that it shall not annex land or approve urban development or serve water to lands as follows:

A. During the term of this Agreement in any area to the south of the approximate center line of the Vacaville-Fairfield-Solano County Green Belt Buffer, at Lower Lagoon Valley or the Vacaville-Fairfield-Solano County Greenbelt Buffer, Shown on Exhibit A;

B. Prior to January 1, 2005, in the area to the north of the intersection of Foothill Boulevard and Pleasants Valley Road and west of the city limits of City existing on the date of this agreement; After January 1, 2005, in this area, City will not be in violation of the terms of this agreement if it approves urban development so long as no other term and condition of this agreement is violated thereby. The area of potential urban development approval after such date shall not extend North of the Long Term Planning area of the 1990 General Plan shown upon Exhibit A;

C. Prior to January 1, 2010, to the north of Midway Road and east of Interstate 505, nor thereafter for the term of the agreement unless and until a Greenbelt Separator is developed and implemented between City and the City of Dixon with the written agreement of District which Agreement will not be unreasonably withheld, and which Greenbelt Separator Agreement includes the purpose and effect of preserving the agricultural uses of land within the area;

D. During the term of this Agreement, in the area to the east of the urban service area, east of the existing alignment of Leisure Town Road as shown on Exhibit A; or

E. As mutually agreed in writing in the form of an amendment of this Agreement by and between City and District in the future, within the area described above in which urban development approval of City is prohibited. As provided in the City General Plan, the City and SID will in the future consider expansion of the development area as far east as the PG&E transmission line right of way subject to the expansion of the width of the greenbelt.

1. The zoning and County General Plan for the area provide for the maintenance of a rural residential character which shall mean lots not less than 2.5 acres will be permitted in the future and density will not be greater than 125 residential units per square mile except if a planned unit development achieves such density by open space or other dedication.

2. The water to be provided to the area by the District is water which District's Board of Directors finds will not detract from the ability of District to meet the obligations to City under the terms of this Agreement including the protection of groundwater quality, quantity, and reliability.

amount set forth in Section 5 (A). City agrees to take all reasonable steps to require the payment of the reasonable detachment fees sought by District from time to time.

D. City agrees to require the lands which are to be developed for non-residential purposes within the four areas shown upon Exhibit B to remain within the boundaries of District and remain subject to all charges, standby charges, fees, assessments and other costs associated from time to time with District's functioning. If any of such non-residential use lands shall be detached from District after the approval of this Agreement, the maximum amounts of water to be provided by District to City herein shall be proportionately reduced by the amount of acreage so detached in accordance with Section 5.1B. Except as presently planned by City, and shown on Exhibit B no amount of water will be provided by District for any residential uses of the land shown on Exhibit B thereof should the land use be changed from non-residential use purposes to residential by the City.

E. The amounts of water required to be delivered by District to City and/or to the non-residential lands may, at the sole discretion of the District, be reduced if District's entitlement to water from the Solano Project is reduced through regulatory, judicial or legislative action or drought restrictions. The amount of any such reduction will be the same proportional reduction based on the District's total supply from all sources, and may apply to the amounts of water deliverable by District to City hereunder during the period of the reduction or limitation upon enjoyment and use by District of the water sources available to it. However, due to health and safety concerns District will seek all reasonable means to supply water under this Agreement to City and shall first attempt to reduce irrigation deliveries to lands within the four Agreement areas shown on Exhibit B, consistent with District's policy and practices for allocation of irrigation water in the District.

F. City and District agree that the acres calculated for the four areas shown on Exhibit B is 5,025 which results in a commitment by District to City to supply up to 10,050 acre feet of water annually under and in accordance with the schedule described in 5.2 F below. Further, in addition to said amount up to 10,050 acre feet per year of water and in order to assist City in the provision of new employment opportunities which will benefit the residents of both City and District, District agrees to provide the additional water actually used by Genentech, Inc. for facilities built within City and within District by said company upon non-residential land within the area described in Exhibit B,, but not to exceed 1,000 acre feet annually, so long as the facility remains in operation.

District within the areas shown on Exhibit B during the previous water year (March 1 to February 28). The quantity of water served by District within City limits will be calculated by multiplying the irrigated agricultural acreage by 2 acre feet plus the metered total of all other water delivered directly by District to consumers within the area. That total amount will be deducted from the maximum amounts of water calculated in Sections 5.1 (A), 5.1(F) to determine the amount which is available for delivery to City for treatment and distribution in any water year.

J. Present water service by District to lands within District's boundaries and within City's limits, but which are not within the four areas specified in Exhibit "B" such as District's own facilities or the Elmira Cemetery, shall continue to have water delivered to said lands and said continued service by District shall not be counted toward the maximum amounts of water to be provided to City under this agreement.

K. As new urban development proposals are approved within the four areas shown on Exhibit B, which will be served untreated water, City will require that irrigation distribution systems be constructed at no cost to District and delivered to District for this purpose in accordance with District specifications and as a part of new development plans approved by District City will also require that existing irrigation facilities be protected, relocated, or reconstructed underground as reasonably required by District to accommodate the development. Timing of the construction or relocation of improvements shall be at the reasonable discretion of City and District, except that District will not be required to incur any additional costs or risks in delivery of water if City delays their construction and delivery to District, and City will provide for those risks and costs to be borne by City

L. As for uses within the four areas shown on Exhibit B lands desiring treated water, from City's treatment facilities, City shall treat such water and deliver it to such users. City shall pay District as a wholesaler of untreated water for water delivered to the City and shall be responsible for distribution, treatment, storage, pressure, billing and collection as to these waters. Where a non-residential developer within the Urban Service Area desires only untreated water, with the approval of the City, the District may deliver such water directly for distribution, billing and collection to their customer. Delivery of such water shall be made from District at a point or points of delivery as reasonably determined by the City Public Work Director and Secretary/Manager of the District.

M. This Agreement does not modify the water rights or contractual entitlements of either of the Parties, and nothing contained herein shall be deemed to alter, modify, or in any manner affect the respective water rights or entitlements of the Parties.

development lands described in Exhibit 5.2 B, City agrees that the amounts of the charges for water supplied to such areas through City shall be increased proportionately to provide for that collection over the term of the agreement with the additional charges to reflect the difference in present value of the money due to the delay in collection from the time of the approval of this Agreement until such time as water is actually served by District to the industrial and commercial land or the residential land detaches from District. Upon Imposition of a special standby charge, said charge shall replace any existing standby charge, except that at any time District wide standby charges exceed this special standby charge, the greater amount will be charged. Due to the contingent nature of the development, Special Standby charges, if any, shall be deferred on lands designated for Non-Residential Development until development of land begins. Development of land occurs when a building permit is issued and construction commences.

D. For each acre foot of water amounts delivered by District to City, District will pay to the Solano County Water Agency, Bureau of Reclamation, or such other public agencies holding title to the Solano Water Project, the amounts due for the water delivered by such agency to District and then delivered to City under this Agreement; provided however, if the cost or charge per acre-foot or additional tax, benefit assessment or other means or combination of means of collecting the costs of the water shall exceed \$15.00 per acre foot for municipal and industrial water and which is applicable to all other Solano Project users, the amount in excess of said sum, shall be added to the water price payable by the City to District.

E. As for lands within the areas shown on Exhibit B which are not within the District, upon commencement of development said lands shall either annex to District with the lands or the City paying all annexation fees, charges and costs as established by the District Board of Directors. City and District recognize that some existing Subdivided lands within areas shown in Exhibit B may not be able to be required to annex to District. City shall require annexation to District whenever legally possible to do so. In all other cases City shall strongly urge annexation to District and if annexation does not occur City shall only serve such lands with treated water and District shall not provide direct delivery of non-potable water to such lands. Should annexation not be possible, City will pay on behalf of such lands to District an amount equivalent to the property taxes, assessments or special standby charges, which District would charge were said lands within District in order to meet District's present or future indebtedness for the operation, maintenance, or rehabilitation costs. City hereby guarantees payment annually to District of the amount of assessments, fees, and charges of the District that are collected from similar properties which have not detached from District. District shall not be entitled

4. Should City wish to seek more water from District during any year other than provided under the schedule in 5.1.f 2, City may, by a request filed with District by the month of November preceding any water year, request that District supply City up to an additional 2,000 acre feet of water in the following water year, for which City will pay District in accordance with the other terms and conditions of this agreement. Whether District has supplies available to meet City's request shall be solely determined by District and shall not be subject to arbitration.

5. After determination of the amount of water to be made available to City, City shall be required to pay for ½ of such water at the rate established by this agreement by April 1st and the remainder within 30 days of the end of the water year regardless of whether City utilized such water or not.

G. District's annual acre foot charge to City shall be a blended rate determined by taking the total amount of water made available by District to City and determining the amount of water utilized by City for non-residential and irrigation purposes incidental to non-residential uses within the four areas and such water shall be charged at the non-residential rate. Any additional water provided by District to City which City is not using for such purposes or any water made available to City by District under this agreement but not taken by City for any reason shall be charged by District to City at the higher rate set forth in Section 5.2 (A) above.

The methodology for measurement of such water uses shall be mutually determined and agreed upon by the City Public Works Director and the District's Secretary/Manager. The first such determination shall be made during 1999 and shall then be the blended rate for water charged by District to City for the next three years, beginning in the year 2000. Thereafter, every three years the same process will occur in order to set the blended rate for the next three years. The methodology will involve looking at the actual records of consumption from City's and District's systems within the areas shown upon Exhibit B (industrial and commercial lands) and the areas shown upon Exhibit B outside of the industrial and commercial development and determining the quantities of water utilized in typical water years for residential development.

After the completion of the first residential unit and during the period from the execution of this Agreement until water year 2,000, the blended rate shall be based upon 65% of the water billed at the commercial/industrial rate and the remainder at the higher rate as provided in Section 5.2 B above.

SECTION 6. IRRIGATION USE OF MUNICIPAL RECLAIMED WATER

A. City agrees that it will not serve municipal reclaimed water directly or indirectly to lands within District except

1. If necessary for City to meet the requirements of state or federal law so long as City insures that (1) no additional direct or indirect costs are incurred by District or its customers; (2) no property is required to utilize such water without their permission, and (3) City may not use Eminent Domain to acquire any lands or interests for the purpose of compelling the use of such water.

2. on property which at the time of execution of this agreement is owned by City;

3. Pursuant to a voluntary agreement which may not be required by arbitration between District and City and District jointly agree to market or serve municipal reclaimed water, or

4. As otherwise agreed by the parties.

B. Within the four areas where irrigation distribution systems (not main line District distribution systems used for agricultural deliveries) have been constructed and delivered to District for irrigation of landscaped areas within the four areas described on Exhibit B and as described in Section 5.1 K, the District will, without cost to City, return ownership of such lines to City, or if not owned by District will authorize use of such lines by City, for City to supply municipal reclaimed water to such areas for landscaping purposes at such time as City has such reclaimed water available and such facilities can be returned to City without the incurrence of cost and expense to District in the operation of its services and District can continue to provide water service to its other customers from the affected facilities in accordance with all laws, regulations and reasonable practices. City will be responsible for maintenance of such lines during period of use by City or following change in ownership of such lines.

SECTION 8. PROTECTION OF AGRICULTURAL LANDS BY LIMITING GROWTH AREAS OF CITY

City and District recognize that the establishment of buffers and transition areas between the area made subject to urban development under the General Plan of City and agricultural lands is essential to the maintenance of agricultural lands and the orderly urban development of City. For that reason, City agrees to commence to consider and provide for the implementation of urban/agricultural greenbelt-buffers and the acquisition of development rights, where necessary and appropriate, within said greenbelt-buffers. Whether or not these greenbelt-buffers are established by City, City agrees not to annex land or to provide approvals of Urban development within the area of or extending beyond the greenbelt-buffer areas except in limited conditions permitted in this Agreement.

A. The three greenbelt-buffers to be established, or if already established, to be maintained during the term of this agreement are:

1. The presently existing greenbelt between City and the City of Fairfield shown on Exhibit A. Land use within this Greenbelt will be in conformance with the existing Greenbelt Agreement between Vacaville, Fairfield and Solano County;
2. A greenbelt of at least 500 feet in width to the east of Leisure Town Road beyond a development area of 1,000 feet in width. As provided in the City General Plan, the City and SID will in the future consider expansion of the development area as far east as the PG&E transmission line right of way subject to the expansion of the width of the greenbelt.
3. A greenbelt-buffer to be developed by and between City and the City of Dixon in the future including the area described extending easterly of the urban service area
4. Such other Greenbelt buffer areas which may be agreed to by the parties.

B. The elements of the greenbelt as related to the areas described in Section 8 A 2,3, and 4 shall be that (1) there is a prohibition upon sewer service and potable water service by the City within and beyond the area, provided, however, if City owns on the date of this Agreement any land within a Greenbelt area and for custodial care and maintenance it is reasonable to provide for water or sewer service and such water or sewer service will not permit expansion of the City use of its real property and no excess capacity is build in these facilities, then District will reasonably approve that service; (2) the uses permitted are such that they will not stimulate or encourage urban growth to extend into the agricultural areas lying beyond the particular buffer area, and will not burden or deter the use of adjacent agricultural lands for intensive agricultural purposes; and (3) the buffer and the implementation of the goals of the buffer shall be to prevent expansion of urban-type development into the agricultural service area of District during the term of this agreement.

SECTION 9. COORDINATION OF FUTURE GROUNDWATER EXTRACTION.

A. Both City and District agree that coordinated extraction of groundwater within the City Urban Service Area as shown on Exhibit "A" and in those areas of the Agricultural Service Area which may adversely impact City's reliance on groundwater as the primary source of the City's water supply or which may degrade either the quality or quantity of the groundwater the City relies upon is in the best interests of both City and District in order to protect existing groundwater supplies for use by District and City and in order to meet their respective governmental functions and to insure that permanent overdraft of groundwater within the Tehama related formation will not occur. To this end City and District agree to begin sharing well data and to mutually work together toward implementing AB3030 agreements for groundwater management.

City and District agree that one of the purposes of this Agreement is to prevent the drilling of additional wells within the 72 Agreement area shown in Exhibit "B" or in areas within one-half (1/2) mile from the exterior boundaries of City's Urban Service Area as shown upon Exhibit "A" until 2005 neither party will provide for the drilling or development of wells within such areas except as follows:

1. City proposes four (4) wells to provide the remedying of circulation, water quality and system capacity problems in the area shown upon Exhibit "B" and labeled "Proposed City Well Sites". Before proceeding with construction of the proposed wells, City will provide all design information for review by District. City shall be entitled to provide for the development of these wells, if the wells are the most economical and reasonable means to provide for the solution to the capacity and circulation problem in City's system and if City abandons the wells located on the proposed North Village Properties simultaneous with the development of new well capacity. If City permits private or quasi-public entities to develop and utilize new well capacity within the City's control within the areas shown on Exhibit B, the water produced by these wells will be treated as water available to City under the terms of this agreement and will entitle the District to reduce the amounts of water provided under the agreement in amounts equal to 2 acre feet of water per acre of the development or the actual amounts produced by the private wells, whichever is less.

2. District also proposes two wells shown on Exhibit "B" and labeled "District Well Sites". These wells have been proposed for several years to augment District's Water Distribution system in the Midway Road area. Before proceeding with construction of the proposed wells, District will provide all design information for review by City. City also recognizes that District may wish to locate said wells in some other areas along Midway Road.

b. The parties will continue to monitor the wells in the area following the determination of the "normal condition" and shall identify "trigger mechanisms: for determining a falling groundwater level.

c. If during a future five year period the groundwater levels do not recover to normal levels, then the parties will declare a "caution condition" and mutually agree to closely monitor levels for a period of two years to determine if general water conservation measures or voluntary reductions in groundwater pumping have achieved the appropriate level of recovery.

d. If levels of groundwater have not recovered during the period of the "caution condition", then both City and District would agree to implement the following mitigation measures:

1. Both parties will reduce by 10% the groundwater pumping in the effected areas until groundwater levels return to the normal condition.

2. If after two years the levels continue to fall, the District and City shall determine and agree to further reductions in the groundwater pumping greater than 10%, until groundwater levels return to normal conditions.

3. Further mitigation that the City and District may agree to, include one or more of the following:

- Both parties will replace groundwater with surface sources of water.
- The City would not allow new residential development within the City.
- The District would not service new residential development outside the District.
- The District would not allow new annexations to the District.

C. After ten (10) years, if District proposes and wishes authority to drill additional well(s) beyond the City limits but within an area one-half mile from the exterior of City's urban service area or if City proposes to drill additional wells within an area of one-half mile of the exterior of City's urban service area and the design of the well(s) is such that with the available data it is likely that the well(s) will have a significant impact upon the reliability or the annual capacity of the other party's wells, then District or City shall be prohibited from providing for any additional extraction

SECTION 10. REMEDIES FOR VIOLATION OF AGREEMENT

Should City violate the provisions of this Agreement relating to urban services or approval of urban services, it would cause damage to District in that further pressures for urbanization of agricultural lands would occur and the costs of maintaining and operating District as a whole would be greatly increased. As urbanization of agricultural lands occurs and the service area of agricultural water is decreased, the operation and maintenance costs of District do not decrease in the same proportion as the agricultural land which is converted to urban purposes and many of the costs of operating and maintaining the District facilities continue without the concomitant ability to add additional lands to the District reduction or increase, thus placing a larger financial burden on the remaining lands within the District.

Should District violate the provisions of this Agreement relating to urban services or approval of urban services, it would cause damage to City as it would increase demands for, and costs of, City services and impair thereby City's ability to carry out the terms and conditions of its General Plan by increasing demands upon municipal services from development outside of City including but not limited to, adverse impacts upon City's streets and highways, parks and recreation, police and fire protection which would not be paid for by the areas developed within District's boundaries, but outside the City, as a result of the provision of water by District.

District and City agree that either party may utilize any remedy in equity or at law for the enforcement of any of the provision of this Agreement including, but not limited to, specific performance of the terms of this agreement and each party stipulates that it will stipulate in Court, arbitration or any other procedure for enforcement of this Agreement that the terms and provisions of this Agreement are unique, that the damages ensuing from a failure to comply with the terms and provisions of this agreement may not be adequately remedied by damages and that specific enforcement of the terms of this Agreement would not violate any principle of law prohibiting the enforcement of discretionary legislative authority of powers of City or District.

Further District and City agree that:

- A. They have each attempted to make an investigation into the economic damages and added expenses to District and City from the urbanization of any of the Greenbelt-buffer areas described in Sections 3, 4, and 8.
- B. City and District have each attempted to trace and calculate the injuries and damages which would be suffered by District and City as a result of the service of water to and for urban uses of any of the lands prohibited to be served herein and consequent effect of inducing urban use on agricultural-open space lands; and the effect of removing or diminishing the agricultural-open space lands in the immediate proximity of City.

urban development, the Greenbelt buffers and similar provisions relating to the use of land. If any other provisions of this Agreement are violated, the parties agree that the actual damages suffered and incurred should be determined as provided herein and that in addition the provisions of such Agreement are intended to be specifically performed in the future and subject to injunction or temporary restraining order barring future violations. Each of the parties shall stipulate in Court, arbitration or other administrative proceeding that those duties are unique, the award of damages may not adequately or fully remedy or compensate for the breach and that no principle of law prevents the granting of a decree of specific performance or injunction either mandatory or prohibitory in form with the purpose of enforcing the terms and preventing future breaches.

or certified mail, no later than 15 calendar days after the expiration of the Informal Resolution period. No party shall seek to Arbitration or litigate a dispute unless it demanded arbitration of the dispute within this 15 day period.

2. The parties may agree on one Arbitrator. If they cannot agree on one Arbitrator, there shall be three Arbitrators: one named in writing by the District within ten days after demand for Arbitration is given, one named in writing by the City within the same ten period, and a third chosen by the two appointed Arbitrators.

3. A hearing on the matter to be arbitrated shall take place before the Arbitrator(s) in the County of Solano at a time and place selected by the Arbitrator(s); however, the hearing shall take place no later than 30 days after demand for arbitration is given, unless the parties mutually agree to extend this time. The Arbitrator(s) shall select the time and place for the hearing and shall give each party written notice of the time and place at least five days before the date of the hearing. At the hearing, any relevant evidence may be presented by any party, and the formal rules of evidence applicable to judicial proceedings shall not apply. Evidence may be admitted or excluded in the sole discretion of the Arbitrator(s). The Arbitrator(s) shall hear and determine the matter and shall resolve in writing the dispute among the parties. The decision of the Arbitrator(s) shall be binding and conclusive on the parties. If there are three Arbitrators, only two of the Arbitrators need to agree on the decision in order for it to be binding and conclusive.

4. The Arbitrators chosen by the parties and by the Arbitrators chosen by the City and District nomination shall have the following qualifications:

a. They shall be professionally trained as Civil Engineers or Attorneys and shall have more than ten years' experience in statewide issues of water supply, urban impacts upon agricultural lands and agricultural water supply systems and some experience and knowledge of matters relating to groundwater aquifers.

5. The Arbitrators may meet in open or closed session as they shall by majority vote determine from time to time. If the Arbitrators feel that additional technical or professional expertise is required in order to provide for a knowledgeable decision from the information provided by the parties, the Arbitrators may order the performance of studies, the gathering of data and may, if the Arbitrators so order, hire consulting Engineers, Attorneys or other experts to provide for such studies or information.

amounts of overlying lands served by District and City overlying the aquifers and the historical groundwater pumping and yield of City and District and the current principles of California water law applicable to those aquifers.

3. The price payable to District shall be the price set forth herein or the amount representing the benefit provided by District to City for the water made available taking into consideration the question of the replacement costs of the water being provided by District to City, the amounts necessary to be paid for the water to permit the District to continue to maintain agricultural production with advantageous water costs to its growers equivalent to the advantages available to landowners within District in 1995 compared to landowners within other agricultural areas with similar growing conditions and taking into consideration the economic burdens placed upon each party by the terms of this agreement brought forward to the date of the renewal and extension, whichever is less.

City shall have the right five years prior to the lapse of the extended term to provide for a similar election to extend.

F. **Good Faith** Each party agrees that the terms of this Agreement require that each party act toward the other with good faith and fair dealing and that such actions are a condition of this Agreement as they apply directly and indirectly to the terms of and subjects of this Agreement. If either party shall attempt directly or indirectly to deprive the other party of the consideration, value and objectives provided to that party by the terms of this Agreement and the conditions underlying and assumed to continue to exist in implementing this Agreement, such actions are a breach of this Agreement and shall give rise to a claim for the damages arising directly and indirectly therefrom or a right rescind in whole or in part this Agreement.

Among the objectives of District are:

1. To continue to maintain their full entitlement to Solano Project water of 141,000 acre feet per year plus 10,000 acre feet under the Maine Prairie Agreement.

2. The ability to gradually provide for service to City and particularly the lands lying within the boundaries of City and District so that the industrial and commercial lands will continue to provide a revenue base that will permit the District to continue to provide economical water service to those lands as well as the remaining agricultural lands while providing comparable cost water service to the industrial and commercial lands as compared to areas in which a new water supply must be developed and distributed.

should pay a detachment fee based upon the estimated operation, maintenance and overhead costs which those lands would have contributed to District operations had they not been urbanized. These monies are in turn utilized to defer those costs in the future so that the other landowners within the District are not required to bear those costs and to provide for improvements in the economies of operation of the District which will have the effect of equalizing the burden upon the surviving agricultural lands and customers of the District.

c. In approving development plans for the lands to be used for residential purposes and associated public purposes in the four areas described in Exhibit B City will require the protection, improvement and relocation of the water conveyance, storage transmission or regulating facilities of District at the cost of the developers so that those facilities will not be increased in the costs of maintenance, repair or replacement by the surrounding urban uses. This process involves in many cases under grounding, increasing the lifespan of underground pipe, relocating to streets or other public thoroughfares the District's water lines, abandoning and removing other facilities which would pose a danger or potential nuisance to residential and urban-type uses. This work will be done at the time of and as a condition of urban development and disputes or issues relating to the materials, design or location will be resolved by District on the basis professional, engineering, operational and economic considerations.

d. In providing Solano Project water from District's entitlement to City, District hopes to encourage urban development in the marginal agricultural lands West of I 505 by City rather than spreading into the prime agricultural lands to the East of Leisure Town Road and Midway Road.

Among the objects and goals of City are:

1. To provide a dependable water supply for urban growth by the City in the four areas described in Exhibit B by supplemental or additional supplies from the Solano Project which are much cheaper to treat than North bay Aqueduct water and which are much more dependable and reliable than groundwater in a prolonged drought condition.
2. To provide for coordination of the water supply to the commercial and industrial areas shown upon Exhibit B with District to the degree it can provide untreated or treated water

I. **Notices.** All notices provided herein and all payments provided herein shall be made to the parties at the following addresses:

Solano Irrigation District

508 Elmira Road

Vacaville, CA 95687

Attn: Secretary\Manager

City of Vacaville

650 Merchant Street

Vacaville, CA 95688

Attn: City Manager







With Copy to Public Works Director

J. **Successors and Assigns.** The provisions of this Agreement shall apply to and bind the successors and assigns of all parties hereto, and no party of this Agreement, or any term there of may be assigned unless written permission and approval of such assignment is provided prior to such assignment.

K. **Payments.** If any payments provided in this Agreement shall not be made at the time and in the amounts required, the unpaid moneys shall earn interest at the rate of 10% per annum until paid.

L. **Further Agreement.** Both City and SID recognize that this Agreement must be general in context in order to permit the fullest cooperation between the two parties in successfully meeting their individual and joint responsibilities. Both City and SID pledge their earnest and conscientious effort towards carrying out the intent expressed in this Agreement. It is acknowledged that it will be necessary in order to effectuate the intent of this Agreement that certain specific details for delivery, accounting, measurement of water, etc. will be required and it is the intent of both parties to this Agreement to negotiate in good faith such supplemental agreements as are necessary to implement this Agreement or that the form and content of these arguments should be determined by arbitration as provided herein.

LEGEND:

-  1972 Agreement Area
-  Urban Service Area
(Vacaville 1990 General Plan)
-  Vacaville/Fairfield/
Solano Greenbelt - Buffer
-  Agricultural Service Area
-  Long-Term Planning Area Limit
-  City Limits (as of 9/1994)

NOTES:

1. BOUNDARIES ARE APPROXIMATE.
2. BASE MAPPING IS DEPARTMENT OF WATER RESOURCES USGS BASE.
3. THIS DRAWING IS A PICTORIAL REPRESENTATION WITH AN APPROXIMATE SCALE.

**West Yost & Associates
CONSULTING ENGINEERS**

Exhibit A

**MASTER WATER AGREEMENT
VACAVILLE - SID**

May 24, 1995

