

## MASTER WATER AGREEMENT

- **Conformed to the First Amendment effective November 20, 2001<sup>1</sup>**
- **Conformed to the Second Amendment dated June 15, 2010 and effective from and after February 28, 2010**

**THIS AGREEMENT**, is made and entered into this 25th 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.
- 3. Protection of Lands in Agricultural Production:** As urbanization of agricultural land occurs, District is annexing other agricultural areas in Solano County which are deficient in water supplies and which may be pumping amounts of groundwater in excess of the sustained yield of the groundwater basin. Those lands are limited in area and if they are to be supplied from waters apportioned to District from the Solano Project, those lands may be at some distance from the District's facilities further, the annexation of new lands to District does not directly address the pressure to convert agricultural lands to urban uses. City and District both desire to protect the continued use of productive soils for agricultural purposes in the County of Solano. City and District have worked together, and will continue to do so,

---

<sup>1</sup> The parties agreed in the Second Amendment (on page 6) that on March 1, 2010, and thereafter the First Amendment shall have no further force or effect.

toward the development of additional water supplies to insure that sufficient supplies for municipal and agricultural needs can be met and that agricultural and municipal water prices remain economic for farmers, orchardists, residents and commercial and industrial water users in Solano County.

**4. Agreement to Address Various Water Service Relationships:** This agreement is intended to formalize the water service relationships between City and District. Therefore, this agreement makes those amendments and clarification's necessary for the full implementation of the agreement between City and District commonly referred to as the "1972 Agreement". By fully implementing the 1972 Agreement relative to lands presently within the corporate boundaries of City, in-fill annexations within those present corporate boundaries, and Lower Lagoon Valley , the parties will complete that cornerstone of the water service relationship between City and District. City and District believe that further implementation of the 1972 Agreement supports the mutual policies of City and District to concentrate urban uses and densities within the city limits of City, reducing thereby the pressure to convert agricultural lands outside of the City boundaries to municipal uses. City and District find that four (4) District service areas (1.) the "triangle" area of the 1972 Agreement, (2.) the Nut Tree area, (3.) the Allison-Ulatis area, and (4.) the Lower Lagoon Valley area, all as shown in Exhibit "B" and hereinafter referred to as "the four areas" represent, along with in-fill annexations within those areas, the maximum City area of development contemplated by the principles of the 1972 Agreement, such that the 1972 Agreement should be clarified and quantified to settle that aspect of the water service relationship between City and District. In addition, City's General Plan incorporates certain goals of particular relevance and importance to District expressed by their District Board and which directly relate to the purposes of this Agreement.

This agreement addresses the mutual goals of District and City including, but not limited to:

- a. Ensuring that scarce natural resources, such as water, are allocated and utilized to maximize community benefits.
- b. Ensuring that the rate of residential growth within the City boundaries is consistent with availability of public facilities, infrastructure and services.
- 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.

**5.** The District and the City agree to continue to work collaboratively together on joint water issues that are mutually beneficial to both agencies and Solano County.<sup>2</sup>

---

<sup>2</sup> Recital 5 was added by section 2.1 of the Second Amendment.

NOW, THEREFORE, in consideration of the mutual and sufficient promises and forbearance set forth herein, the parties hereto agree as follows:

## AGREEMENT

**SECTION 1. DEFINITIONS** It is mutually understood and agreed that the following words and phrases shall have the meanings respectively ascribed by this Agreement and set forth below:

- A. "Agricultural Service Area"** shall mean those lands designated on Exhibit "A" which are beyond the proposed urban service limits of City under the 1990 General Plan as amended as of the date of this Agreement and within the service area of District north of the Vacaville-Fairfield Greenbelt to Silveyville Road and it's westerly extension, west of 1-80 and Vaughn Road easterly of 1-80. Water service by District within the Agricultural Service area will be limited in accordance with Section 4 below.
- B. "Non Residential Development"** shall mean all development other than Residential Development, such as commercial and industrial uses including, but not limited to, industrial, commercial or offices uses, public facilities, landscaping, open space, parks, golf courses, airports and including all public service infrastructure required thereby or appurtenant thereto.
- C. "Residential Development"** shall mean individual single and multi-family units, including all public service infrastructure appurtenant thereto.
- D. "Greenbelt Buffer"** shall mean those areas of land described in Section B or designated on Exhibit "A" as Greenbelt-Buffers and which represent lands within or between two or more Cities or a city or any area not planned for urban use and other incorporated and unincorporated areas of the County and as to which agricultural uses are maintained or urban services such as the provision of streets, water, and wastewater collection and are limited, or prohibited by this Agreement.
- E. "Urban service area"** shall mean the area planned for urban use. Such area may be expanded in the future to the extent that such expansion is consistent with Section 3 of this Agreement.
- F. "Approval of Urban Development"** includes, but need not be necessarily limited to, an action by City or District to allow annexation, rezoning, pre-zoning, the subdivision of property, other entitlements for use or the extension of urban infrastructure such as roads, utilities, water and sewer service and includes any other action of City or District which encourages or makes feasible the ultimate urban development of lands.
- 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 2. DESCRIPTION OF PLANNING AREAS** Exhibit "A" previously incorporated herein by this reference is a map depicting, among other things, the following:

- A. Present City municipal limits; as of 1994;
- B. The Urban Service Area of the 1990 General Plan;
- C. The Vacaville-Fairfield-Solano County existing Greenbelt-Buffer area, and
- D. The Agricultural Service Area of District between the northern boundary of the Solano-Fairfield-Vacaville Greenbelt Buffer and Silveyville Road and it's westerly extension west of I-80 and Vaughn Road easterly of I-80.

**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.

## **SECTION 4. AGREEMENT BY DISTRICT TO LIMIT WATER SERVICE**

**4.1** District agrees that it shall not serve water to lands within the Agricultural Service Area during the term of this agreement except for:

- A.** Agricultural irrigation use, and
- B.** Within the common service area of the City of Dixon and Solano Irrigation District to lands annexed to the City of Dixon for municipal and industrial purposes, and
- C.** Service for residential use on the date of this Agreement or after the date of this Agreement to (1) single owner-occupied dwellings on parcels of 20 acres or larger or (2) parcels less than 20 acres in size if the lots were of record existing on the date of this agreement, or (3) to such other dwellings necessary for personnel directly and primarily involved in the agricultural use of property, and
- D.** Agriculturally related commercial and industrial uses such as commercial nurseries, agricultural products processing plants and storage facilities, and
- E.** Water service for use for residential, municipal and industrial purposes within existing sub-service areas of District existing on the date of this agreement such as those for the township of Elmira, the Gibson Canyon area, Blue Ridge Oaks, Quail Canyon area and the Pleasant Hill Ranch Subdivision.

### **4.2**

- A.** Unless mutually agreed by City and District, District agrees it will not serve lands east of the Urban Service Area, to the east of Leisure Town Road below Interstate 80, nor north of Midway Road to the east of Interstate 505 except for agricultural uses in accordance with this section in order to insure that lands beyond this area are not threatened by urbanization due to development considered for approval by Solano County, or by a proposed new municipality.
- B.** District agrees during the term of this agreement not to provide water service to lands outside of the Agricultural Service Area but which lands are within the long term planning area of City or adjacent to its planning area as shown in the 1990 General Plan of City such as English Hills, Steiger Hills and Allendale areas except upon the following conditions and if such service or cooperation in service meets the following criteria.
  - 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.

**SECTION 5. DISTRICT PROVISION OF WATER TO CITY; TERMS FOR THE PROVISION OF WATER: COST OF WATER**

**5.1 "Amounts of Water"**

Subject to the other limitations of this Agreement, including without excluding others, the provisions of paragraph 5.2 H hereof, during the term of this Agreement, unless there is a breach of this Agreement by City, District shall deliver annually to City that amount of water determined under this agreement to be equivalent to 2 acre feet of water per gross acreage of land within the four areas described in Exhibit B which acreage are either presently within or are planned to be annexed to City in the future and which areas are annexed at the time water delivery is received by City. The four areas represent areas in which predominately agricultural uses have been or are planned to be changed to urban uses and within which the lands are within the District's boundaries, were within the District's boundaries when the 1972 Agreement was made, or which were contemplated to be part of the 1972 Agreement with respect to lands between the Putah South Canal and Interstate 505 and to the north of the Nut Tree Airport. The four areas are those shown on exhibit "B" which is incorporated herein as though set forth in full.

**A.** City and District agree that a quantity of 2 acre feet of water will be used as a multiplier for the gross acreage in the four areas shown on Exhibit B which is either presently within or are planned to be annexed to the City from time to time to determine the maximum quantity of water to be provided by District for use within the four areas annually under this Agreement, plus any amounts which may be provided under Section 5.1 F and G.

**B.** It is agreed by the parties that only industrial and commercial use lands (non-residential development) will be permitted to remain within the boundaries of District and that lands to be developed for residential uses will be detached from the District and will pay all detachment fees reasonably requested by the District related to the amounts of debt or contractual encumbrances incurred by lands within the District and accrued or reasonably projected liabilities or costs which will have to be borne by other lands as a result of the detachment of the subject lands. Such fees are established by the District and approved by the Solano County Local Agency Formation Commission as a condition of City annexation of District lands.

**C.** It is agreed between District and City that should any of the District lands described within Section 5 B<sup>3</sup> above escape payment of the detachment fees sought by District through any means when developing for residential use, the lands will not be provided with water under the terms of this Agreement and that the obligation of District hereunder will be reduced in accordance with the 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 nonresidential purposes within the four areas shown upon Exhibit B to remain within the boundaries of

---

<sup>3</sup> Refer to section 5.1.B.

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.

**G.** City may blend the allocation of water in accordance with the terms of this Agreement from the areas shown in Exhibit "B" to other areas within City as necessary to meet demands as development occurs in order to address the water needs of actual development, but in no case may the aggregate total of 10,050 acre feet per year plus the amount required for Genetech described in Section 5.1 F above be exceeded under this agreement and in no event will nonresidential development in the areas within Exhibit "B" be denied development due to lack of water so long as the quantity of water to be provided under terms of this Agreement is delivered to City by District unless such development would exceed 10,050 acre feet of water. This provision does not, nor is it intended to, limit City's ability to deny development on other grounds, to change land use designations within the areas shown on Exhibit "B", to impose water conservation obligations on new development which allows thereby the use of said water in other areas of City, to establish water provision or limitations based upon the availability of infrastructure, to establish limits on the gallons of water per day to be served per acre of development, or to set other limits on the use or provision of water.

This Agreement is not intended to limit District and City from establishing other water service agreements or to limit the ability of City to purchase water from District on a year by year, case by case basis should District have such water available for sale. District, at its sole discretion, may from time to time provide additional water above the amounts established under Section 5.1 G and 5.1 H herein for commercial or industrial uses within the areas shown on Exhibit "B" which uses require unusually large water demands as a result of the nature of their commercial or industrial processes in excess of the averages established for commercial and industrial development within said areas. Such water will not be subject to the price limitations of this agreement.

**H.** The point, or points, of delivery shall be mutually agreed upon by City's Public Works Director and the Secretary/Manager of District. City shall be responsible for and provide treatment distribution, storage and pressure from the point of delivery. The points of delivery shall not burden District or add to the costs of the District. The delivery schedule to City by month will be set by District and City annually so that District is not deprived of capacity or the ability to use other water supplies available to it from District's facilities, District's costs are not increased, and subject to operational considerations of District.

**I.** Inasmuch as District may continue to provide variable amounts of untreated water to customers for use from District's facilities for agricultural and other needs within the four areas shown on Exhibit B, that portion of the maximum quantity of water which is available for delivery to City will be calculated on March 1 by deducting the amount of water served directly by 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.

**N.** The parties acknowledge City's need to reasonably attempt to meet its appropriate "fair share" of the regional housing and that having residential uses developed within the existing limits of City and such additional areas that may be annexed to City will relieve pressures on existing agricultural lands to convert to residential development.

## **5.2. Rates and Charges**

**A.** During each water year, commencing with Water Year 2010 (March 1, 2010), water delivered by District to City under this agreement and used by City within the four areas described in Exhibit B shall be charged to City at the rate of \$120.00 per acre-foot, adjusted annually by the Cost of Living Index, whether the City takes delivery or not, as provided in Section 5.2.F. The said charges for water will be automatically adjusted by the annual Cost of Living Index, which shall be the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), U.S. City Average, not seasonally adjusted, with a reference base of 1967 = 100, as published by the U.S. Department of Labor, Bureau of Labor Statistics, for the prior year (hereinafter referred to as the "Cost of Living Index" or "Index"). The base Index for water rate adjustments shall be the CPI-W for December 31, 2009 which was 630.600, and adjustments for the change in the Index shall be measured by the Index on subsequent dates of December 31 and applied to the payments for the following water year.<sup>4</sup>

**1.** The City may at any time prior to November 1 of any year during the term years after March 1, 2010, give notice that it intends to pay a lump sum for one half of future payments of the water rate of \$120.00 per acre-foot, adjusted by the Cost of Living Index, on not more than one half of the amount of water required to be purchased by City under the Water Purchase Schedule in Section 5.2.F.2, as amended plus the full amount of any additional amount of water purchased under the terms of Section 5.2.F.2.f. Said lump sum will be paid by City to District in cash monies due and payable within 30 days after the start of the following water year or the date upon which City desires to begin taking

---

<sup>4</sup> Section 5.2.A was amended by section 2.2 of the Second Amendment.

delivery of said additional water, whichever occurs first. City shall pay the lump sum equal to the amount of \$2,500.00 per acre-foot adjusted by the Cost of Living Index. Upon payment of the cash lump sum as adjusted by the Cost of Living Index, the remaining amount payable each year commencing with April 1 of the water year following the election to pay the lump sum and each year thereafter during the term and extended term of this Agreement for the elected additional water shall be the product of the amount of water for which the cash lump sum payment was made times one half of the current water rate established in Section 5.2.A adjusted by the Cost of Living Index. In addition, to parallel the terms of agreements District has entered into with other cities taking water from the Solano Project, upon election and payment of said cash lump sum, City shall pay upon each acre-foot of said elected additional water the charges of the Solano County Water Agency (SCWA) applied to Solano Project water, and any taxes, fees, assessments or similar governmental charges levied or imposed by governmental entities other than SCWA, which are charged or levied because of the use or disposition of the elected additional water by City.<sup>5</sup>

**B.** The amounts to be paid by City to District do not include charges, assessments or fees including special standby charges, established by District for lands within District's boundaries which shall be paid by these lands to District. City recognizes and supports District's need to establish special standby charges or modification of existing rates, charges and standby charges in order to rehabilitate infrastructure which, within urban areas is more complex and expensive than in rural areas and to assist in developing conjunctive uses and to assist in the development of additional water resources.<sup>6</sup>

**C.**<sup>7</sup>

**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

---

<sup>5</sup> Section 5.2.A.1 was added per section 2.3 of the Second Amendment

<sup>6</sup> A portion of Section 5.2.B was eliminated per Section 2.4 of the Second Amendment.

<sup>7</sup> Section 5.2.C was eliminated per Section 2.5 of the Second Amendment.

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 to additional payment from City upon the water delivered by District within the municipal and industrial service area shown on Exhibit B and located within the District's boundaries measured by the actual water use within the area which shall be stipulated to be part of the water delivered by District under this Agreement if the reduction in receipts from property taxes, assessments and standby charges from that area within the District is solely a result of reductions in the market value of land and improvements within the area of the municipal and industrial use.

**F.** In reaching the amount of water to be supplied by District to City hereunder, the following provisions shall apply:

**1.** At present, District is delivering a certain amount of water directly to the City for treatment and use in the areas shown on Exhibit B, which amount is estimated to be approximately 1,000 acre feet of water per water year. District shall continue to provide such water through February 28, 1999 and City will pay for that amount whether City asks for delivery or not.

**2.** Water purchase by City under this Agreement will be according to the following schedule, which is presented in tabular form in Attachment 1, Water Purchase Schedule.

**a.** Beginning in the 2010 water year, District will supply to City, and City will purchase a total of 2,500 acre-feet.

**b.** City shall be required to purchase an additional 125 acre-feet for each water year commencing with water year 2011 through water year 2015. Hence, in water year 2015, City will purchase 3,125 acre-feet.

**c.** Thereafter City shall be required to purchase an additional 200 acre-feet for each water year commencing with water year 2016 through water year 2020. Hence, in water year 2020, City will purchase 4,125 acre-feet.

**d.** Thereafter City shall be required to purchase an additional 300 acre-feet for each water year commencing with water year 2021 through water year 2039. Hence, in water year 2039, City will purchase 9,825 acre-feet.

**e.** Thereafter City shall be required to purchase an additional 225 acre-feet for water year 2040 for a total of 10,050 acre-feet of water, which equals the maximum amount available under the terms of the agreement, as amended. City shall be required to purchase said maximum

amount for the remaining term of the agreement.

**f.** In any water year, City may request prior to November 1, that District increase the amount of water purchased above the minimum amount required to be purchased or paid for in the following and subsequent years. The amount purchased by City shall become the base to which the additional amounts required to be purchased or paid for in subsequent water years shall be added, and Attachment 1, the Water Purchase Schedule, shall be revised accordingly.

*Examples of these calculations are shown in Attachment 1A which is not a part of the Second Amendment or a part of this amended Agreement.*

**g.** In no event shall the District be required to supply in any water year, more than the sum arrived at by subtracting from 10,050 acre feet of water, the amount of water for direct delivery by District within the four areas, plus any actual use by Genentech, Inc. in conformance with Section 5.1(F) above and additional water which may be provided under Section 5.1(G).<sup>8</sup>

**3.** Further, as provided in Section 5.1(I) above, in any year District shall deduct from the maximum water available to City, up to 2 acre feet of water for each acre of land within the four areas shown on Exhibit B which are directly served by District for agriculture, plus the metered direct deliveries by District up to 2 acre feet per acre for other uses by Non-Residential Development in these four areas which are outside the City. Said water costs shall not be charged to City and will, instead, be directly charged by District to its individual water customer. For such areas within City the amount deducted shall be the metered amount or, for irrigated agriculture 2 acre feet per acre.

**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  $\frac{1}{3}$  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.**<sup>9</sup>

**H.** If the amount of water delivered to City is more than the amount of water used

---

<sup>8</sup> Section 5.2.F.2 was amended per Section 2.6 of the Second Amendment.

<sup>9</sup> Section 5.2.G was eliminated per Section 2.7 of the Second Amendment.



by the City in the four areas described in Exhibit B or if City has ordered additional water from District pursuant to Section 5.2 F 3 above, the City shall, before entering into an agreement to provide for a sale of water to persons or entities notify District of its determination that there is surplus water available in writing at least thirty (30) days before a proposed transfer. The notice shall specify the proposed sale, the buyer, all consideration and terms, both direct and indirect to be obtained and received by City.

Within thirty (30) days following receipt of said written notice, District may, elect to (i) withdraw an amount of water equal to the amount in excess of water being used by City in the four areas shown in Exhibit B, up to the excess water supplied by District to City under this agreement, during the period of the sale and City shall owe nothing whatsoever for such amount; or (ii) District may elect to approve the sale or any part of the amount of water; or (iii) District may elect, to receive, one-third of any consideration or value in excess of the amount paid by City to District in that water year to which the transfer is applicable upon the transferred water at the blended rate applicable to that water year. If any of the consideration received by the City is not monetary, and parties cannot agree upon the value so received, an arbitrator shall determine the value received by City for that consideration and one-third of the total excess value received of monetary and non-monetary consideration shall be paid to District.

City shall not be restricted or limited by this Agreement from entering into agreements between City and other member units of the Solano County Water Agency which are for the exchange of North Bay Aqueduct water for Solano Project water upon a one-to-one basis over a period of time to maximize capacity in facilities or to provide other operational benefits as contrasted with monetary benefits to City. City will provide notice to District of such agreements. If the water use in the four areas in Exhibit B is less than the water provided to City by District, then such agreements may have a term no greater than five years unless agreed to in writing by District nor shall they restrict or limit exchange of Solano Project water or capacity in the Solano Project with other Solano Project contract holders for firm entitlement water which provide for an equalization of the exchange for longer than five years.

### **5.3 Addition of New Lands to Agreement**

It is further mutually agreed that, at the sole discretion of District, additional lands maybe added to this Agreement and with the District providing water to City at the rate of 2 acre feet per acre there for if (1) the lands are within District, (2) the lands are annexed to City and (3) the lands are for non-residential uses.

## **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 7. OBTAINING PERMANENT ALTERNATIVE WATER ENTITLEMENTS BY**

**CITY.** City is encouraged by District to obtain permanent alternative water rights or supplies including, but not limited to reclaimed water from the City wastewater treatment system or water from any other source. If, thereby, City shall not order and take the full amount of water supply available to it under the terms of this Agreement due to the obtaining of other water supplies, then, upon one year's prior written notice to District that City will not need such water in the future, District shall permanently withdraw said amount of water from water available to City under this agreement. If the new water supply is not sufficient to allow City to permanently reduce its need for water under this contract, then City may notify District that it will not take the amount of water provided under Section 5 above for any water year. If District can market such water, then City will not be charged by District except for the special standby charges and property assessment. If District cannot market such water, then, in addition to the special standby charges and property assessments, City shall pay full cost of water that would have otherwise been charged.

**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 built 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.

**C.** Because it is unknown whether City can provide for the implementation of the terms of this agreement in regard to establishment of some of the Greenbelt-buffers, and whether District will agree that those buffers and the terms thereof will sufficiently guarantee the preservation of agricultural land uses and limit the demand upon District's water supply by City, City agrees with District that it will not during the term of this agreement directly or indirectly provide for urban services, including sewer, water transmission, recreation or similar urban-type services to those lands described in Section 8 A.2 and 3 without the written permission and consent of District given in advance. Should City violate this provision, District

may invoke the terms and provisions of Paragraph 10.(D). The use of an area within the Greenbelt buffer for urban flood control detention ponds will not constitute an urban service.

- 1.** City Agrees not to extend urban services or to seek development of the areas beyond such proposed greenbelt buffers for the term of this Agreement; and
- 2.** City will not during the term of this Agreement, permit, encourage or provide directly or indirectly water, sewer or any other City service directly or indirectly to any area within established greenbelt buffers beyond the same, except as reasonably needed for holding water in detention basins, for the maintenance of landscaping areas, or for agriculture, and City will use its best efforts to insure use of the greenbelt area is to provide an area to reasonably protect agricultural uses adjacent to the City from urban development or urban impacts.

**D.** City will use all reasonable and best efforts to acquire title to or an interest in greenbelt buffer areas either solely by or in conjunction with District, or in the name of a third party non-profit organization established to take and hold title to open space, or to otherwise insure the preservation of the greenbelt buffers during the planned periods applicable to these areas.

## **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.
- 3.** City presently proposes two additional wells, the first on land to the south of 1-80 near the interchange of Midway Road (Robert's property). The second on Alamo Drive between Vanden and Leisure Town Road.
- 4.** A replacement well of either party is not considered to be an "additional" or "new" well so long as the well is not increased in capacity above its historic annual yield.

**B.** City and District agree that neither will provide for the installation of facilities for use of groundwater within the four areas other than as described in Section 9A. City and District agree to limit the amount of water to be extracted from the wells in order to comply with any requirements or restrictions as may be determined from the results of the AB3030 plans currently being implemented, but in no case more than 2,000 acre feet for each party in any year from within the 1972 Agreement area shown in Exhibit "B" until the year 2005. City and District agree and recognize that individual landowners may have a right to install wells outside as well as within City limits. City and District agree that if any such landowners do install wells for urban development in the future that City and District will not provide backup service, will not in any way accept such water into the respective City or District distribution, storage or treatment facilities system or in any way authorize or permit through development permits new treatment facilities systems or authorize introduction of that water into the system for fire flow, beneficial use, landscaping or any other purpose without the written approval of the other party.

The parties mutually acknowledge the complexity and difficulty inherent in determining the safe annual yield in the '72 Agreement area shown in Exhibit B in question. If, after 2005, the parties have not determined and agreed to the safe yield of groundwater in this area then the parties will continue to seek to determine the safe annual yield and shall also;

- 1.** be able to pump more than 2,000 acre feet per year each from the wells of City and District described herein. Each party may make their own determination to pump additional groundwater above 2,000 acre feet per year. Each party shall share all well data from said areas with the other party.
- 2.** in order to protect against the potential of overdraft in non-drought conditions, the parties will follow a "staged mitigation plan" which includes the following elements:
  - a.** Beginning in 1996, the parties will prepare a monitoring plan and will monitor well data for a five year period, in order to track water use and groundwater levels. This well data will be used to establish the "normal condition" of the groundwater use and recharge for the areas in question.
  - 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 capacity within that area. If the wells will not have a significant impact and will not interfere with the planned conjunctive use of the wells of the other party, such authority will not be unreasonably withheld and the installation of those wells and integration into the party's existing or future distribution system may proceed. A "significant impact" is any such impact which will either reduce the other party's nearest well's pumping capacity on a permanent basis or which would exceed a 5% reduction in the extraction in any year of the nearest well of the other party.

**D.** At no time during the term of this agreement shall the City drill wells beyond its City limits, or District within City limits.



## **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.
- C.** It is presently extremely difficult and impracticable to fully ascertain and determine the damages to District and City which will occur as a consequence of City's or District's provision of municipal and industrial water to any of the lands described in Sections 3, 4 and 8.
- D.** City and District agree that after investigation they have mutually established and agreed upon these damages for each gross acre of land for which approval of urban development occurs or urban services occurs by City or served water by District in violation of the prohibitions set forth in sections 3, 4 and 8 herein, the aggrieved party may elect the following

damages for each violation hereof:

- 1.** City may elect to annually receive from District five (5) acre-feet of water for each acre foot of water served District by in a water year in violation of this agreement for so long as violation shall exist, subject to the payment by City to District of the annual cost of said water at the minimum wholesale rate set by the Solano County Water Agency for Solano Project Water. District shall have the option to, instead of providing City additional water, to reduce the cost of water to City under this agreement by two-thirds, for the same quantity of water.
  - 2.** District may elect, for each such acre-foot of water in a water year served by City in violation of this agreement, to reduce by five (5) acre-feet of water the water supplied by District to City in a water year during the time of the violation under this Agreement. City shall have the option to, instead of having the amount of water supplied by District annually reduced, to increase the cost of water to City under the terms of this Agreement or the same quantity of water they could have otherwise been reduced under this Agreement by tripling the amount to be paid.
  - 3.** Each party shall have a grace period of 90 days within which to cure any violation. Said grace period shall commence immediately upon receipt of notice of the violation in writing to the offending party. If a violation shall cease after the lapse of the grace period, the offending party shall pay only the proportionate amount of the annual violation fee for the period after January 1 during which the violation existed. Each such annual sum of damages shall be paid by offending party on January 1 of each year.
  - 4.** Such sum of damages is stipulated by the parties to be based upon the damages which will, in all likelihood, accrue to other party and is not to be considered a penalty in the future.
- E.** The provisions of subparagraphs Section 10 A through D above, apply to violations of the terms of this Agreement relating to urban water service or approval of 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.

## **SECTION 11. MISCELLANEOUS PROVISIONS**

- A. Entire Agreement.** The terms of this Agreement are entire and complete and may not be altered except by a writing executed by each party hereto.
- B. Time of Essence.** Time is of the essence in the performance of this Agreement and of each of the terms thereof.
- C. Arbitration.** If any party shall object to any item in any proposal, action or accounting, performance or lack of performance, or if any dispute shall exist under this Agreement or if the Agreement provides a right of extension of the Agreement or provides for the Arbitrator to provide for the terms and provisions of an agreement of the parties if they fail to come to a full executed written agreement, or any claim or damage between the parties arising from a breach of this contract exists, that party shall within 90 days from the date of receipt of notice of such proposal, accounting, notice or statement, notice of event, or occurrence giving rise to a claim for damages or awareness that the Arbitration must resolve an issue under the terms of this Agreement, notify all other parties to this Agreement or their successors in writing and shall specify the nature of the objection and the specific alternatives proposed by the objection and the specific alternatives proposed by the objecting party or the party requesting Arbitration. Thereafter, if the parties shall not agree within 60 days from the date of mailing of such written specification, plus any mutually agreed-to extensions (the "informal Resolution Period"), the matter shall be resolved by binding Arbitration. Except as otherwise provided in this Agreement, the arbitration shall be governed by the California Arbitration Act (Code of Civil Procedure Sections 1280 through 1294.2). To the extent that this Arbitration provision allows and authorizes the Arbitrators to provide for the terms of an agreement that shall be binding upon the parties, the parties stipulate that the Arbitrator is authorized to determine the fair and equitable terms which shall apply between the parties in a modified or extended form of agreement and shall provide for the preparation of such an agreement and order that the parties execute such agreement or modification of this Agreement. Each of City and District stipulate that any such agreement ordered by the Arbitrator shall not constitute a violation of California law or a delegation of public power or authority in that the parties have set the guidelines and parameters to be utilized by the Arbitrator in determining those terms, and each further stipulates that it has all legal and equitable power to enter into this agreement to provide such authority to the Arbitrator and will not hereafter contend directly or indirectly that the terms of this Arbitration provision were ultra vires, beyond the authority of any public body or official or in any other manner unenforceable.

1. Demand for Arbitration shall be made by providing written notice of demand to the other party. Unless otherwise agreed to by the parties, notice of demand of Arbitration must be delivered, or postmarked if given by registered 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.

6. The costs of Arbitration shall be borne equally by the parties with the City paying its representative, the District paying its representative, and the parties paying equally the appointed nominee of the City and District representative and all costs of the proceedings, including the cost of any commissioned studies, work or undertakings by the Arbitration panel. Each party shall bear its own attorney's fees. If the Arbitration panel shall determine that either party acted in bad faith in regard to the proceedings or in regard to its submission of the proposed outcome or remedy, upon commencement of the Arbitration, the Arbitrator may award the costs of arbitration or any portion thereof against the party acting in bad faith. These costs of arbitration shall not include any attorney's fees or costs incurred by the party that did not act in bad faith.

7. Each party recognizes that the powers granted the Arbitrator herein are broad and complete and that each party waives and gives up its right to commence legal, administrative or any other action against the other party arising from the subjects and matters included within this contract. The parties agree that arbitration shall be the sole and exclusive means of resolving disputes, determining issues and determining the terms of prospective agreements upon the basis of the criteria and guidelines contained in this Agreement and that there will be no right to directly or indirectly appeal the provisions -- this Arbitrator's Award and Determination. Each party recognizes that among other legal or administrative remedies, it is giving up its right to a jury trial and

does so relinquish those rights.

**C. Term.** The term of this Agreement and of every provision thereof shall be from the date of execution to January 1, 2050. At any time after January 1, 2045, City may elect to continue this Agreement in effect for an additional period of up to thirty years but no less than ten years. Upon such a written election, the parties will endeavor for a period of one year to attempt to agree upon the terms of extension as to price and other monetary terms. If the parties are unable to agree upon the terms or extensions of the terms in regard to the price, liquidated damages or violation of similar provisions, then the terms shall be established by the Arbitrator upon the following basis:

1. The amounts of water to be supplied by District to City shall not be increased directly or indirectly by the extension.
2. The amounts of groundwater to be extracted from the area shown upon Exhibit B shall not be in excess of the safe annual yield based upon the most current information and data. The amounts of groundwater available between District and City shall be on the basis of the historical contribution to the existence and preservation of the groundwater by each of the parties the 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.
- 3.** For District to collect detachment fees from residential lands and those lands are detached from District to allow maintenance of a District voter base which will understand agriculture, and commercial and industrial use issues and will preserve the benefits of water service to those areas within the District boundaries on the date of this Agreement. Those detachment fees are meant to approximate the costs and expenses which will be incurred by District landowners due to the urbanization of certain lands within the District boundaries. District expects City to support District in the continued ability to detach the lands, remove the new urban residents from the District voter and tax base and collect a sufficient detachment fee to provide for the capital expenditures and reserve accounts sufficient to mitigate the physical and economic disruption, from the conversion of use of these lands.
- 4.** To provide for restrictions upon the expansion of the urban service area of the City beyond the Greenbelt-buffer areas and the boundaries set. This will allow the District to make the investment in rehabilitation of facilities with an assurance that the rehabilitation will not be unusable due to urban expansion. It will allow for resource planning in regard to agricultural service areas with some predictable rate of urban expansion and physical viability and the viability of agricultural activities in the County of Solano.
- 5.** That the timing of this amount of water provided under this Agreement is such that District believes that through conservation and alteration of District's groundwater operations some, if not most of the water need to supply City can be made available. The timing is important to District since District anticipates the possibility of constrictions upon its grower's supplies if the timing of City growth to District supply enhancement cannot be coordinated.
- 6.** District, the Local Agency Formation Commission of the County of Solano and City have developed and implemented certain principles which are a basis for this agreement. Those principles are:

  - a.** Residential development should be detached from the boundaries of District as the residents, if they became voters, would not understand or be willing to fund the goals of the agricultural areas. Further, the benefit that those residences may see from water developed by District and treated and conveyed by a City may be so indirect that the voters cannot relate to the other landowners within District.
  - b.** Immediately prior to residential development of lands, the residential lands should detach from the District with the developer paying in cash monies

the amount of indebtedness proportioned to the lands detaching on the basis of assessed value of the lands and further 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 directly from its distribution lines and system within that area thus taking capacity and quantity load off of City's distribution system which has some capacity constraints presently as it delivers water to the North from City's two treatment plants.
- 3.** To provide for lower cost water supplies for City's urban expansion than would be available from other sources which might be developed by City.
- 4.** To attempt to develop and maintain greenbelt-buffer areas in the vicinities described in Exhibit A as a means of improving the sense of urban limits for the City residents; but also as a means of preventing the urban sprawl of Dixon and Vacaville moving towards each other and consuming all of the agricultural land along 1-80.

5. Except as provided in Section 8 (B), to restrict District from providing water service for essentially urban developments within the area envisioned as a greenbelt or buffer zone, recognizing that District has certain legal obligations to serve land within these boundaries; but further recognizing that approval of urban development by the County of Solano would be severely disruptive to the concept of greenbelt-buffers and preservation of agricultural land within the areas described.

6. To coordinate groundwater use within an area North of I80 by District and City so as to regulate groundwater extraction to preserve the aquifer.

**G. Neither Party or Agent.** Neither party shall, by this Agreement, be deemed to be part owner or part operator of any facilities operated by the other party, title to that water being delivered to the lands specified in this Agreement remains in the District, and City is providing treatment, delivery, capacity, wheeling, administration, billing and supervision services to District.

**H. Waiver.** Any water at any time by either party to this Agreement of its rights with respect to breach or default shall not be deemed to be a waiver with respect to any subsequent or later-breached default or matter.

**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 thereof 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.

**M. Amendment of Agreement.** The parties hereby stipulate that this Agreement may be amended in writing at any time by mutual agreement of the parties hereto.

**N. Severability.** If any provision, clause, sentence, or Section of this agreement shall be held invalid, such invalidity shall not affect the other provisions of this agreement so long as mutuality of benefit can be maintained and the remainder of the provisions of this agreement be given effect without the valid provisions and, to this end, the provisions of this agreement are hereby agreed to be severable.

**WHEREFORE,** this Agreement is entered into this 25th day of May, 1995 at Vacaville, California.

CITY OF VACAVILLE

SOLANO IRRIGATION DISTRICT

/s/ David A. Flemming  
Mayor

/s/ Marion Maginnis  
President

Attest: /s/ Kathleen M. Andronico  
City Clerk

Attest: /s/ Robert L. Isaac  
Secretary

**SECOND AMENDMENT TO MASTER WATER AGREEMENT**

“The parties agree that each of the above amendments or eliminations shall be effective on March 1, 2010, and thereafter the First Amendment shall have no further force or effect.”

CITY OF VACAVILLE

SOLANO IRRIGATION DISTRICT

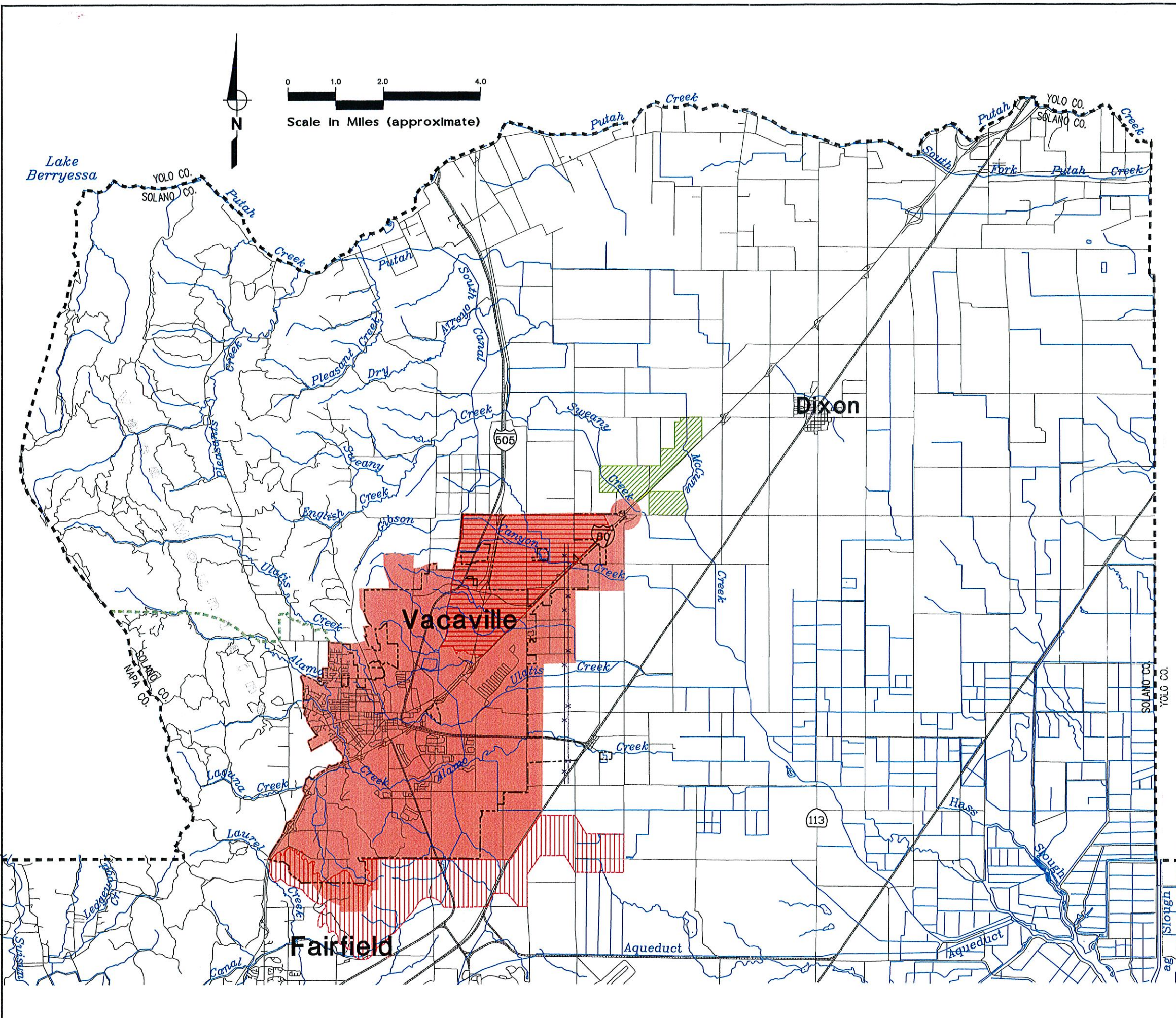
/s/ Leonard J. Augustine  
Mayor

/s/ Robert Hansen  
President








Attest: /s/ Michelle A. Thornbrugh  
City Clerk

Attest: /s/ David M. Mansfield  
Secretary

CAD FILE: 001-EXA.dwg DATE: 02-24-98 11:12am DIR: 001\96-08 (USE LINES OVERRIDE)



**LEGEND:**

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

**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

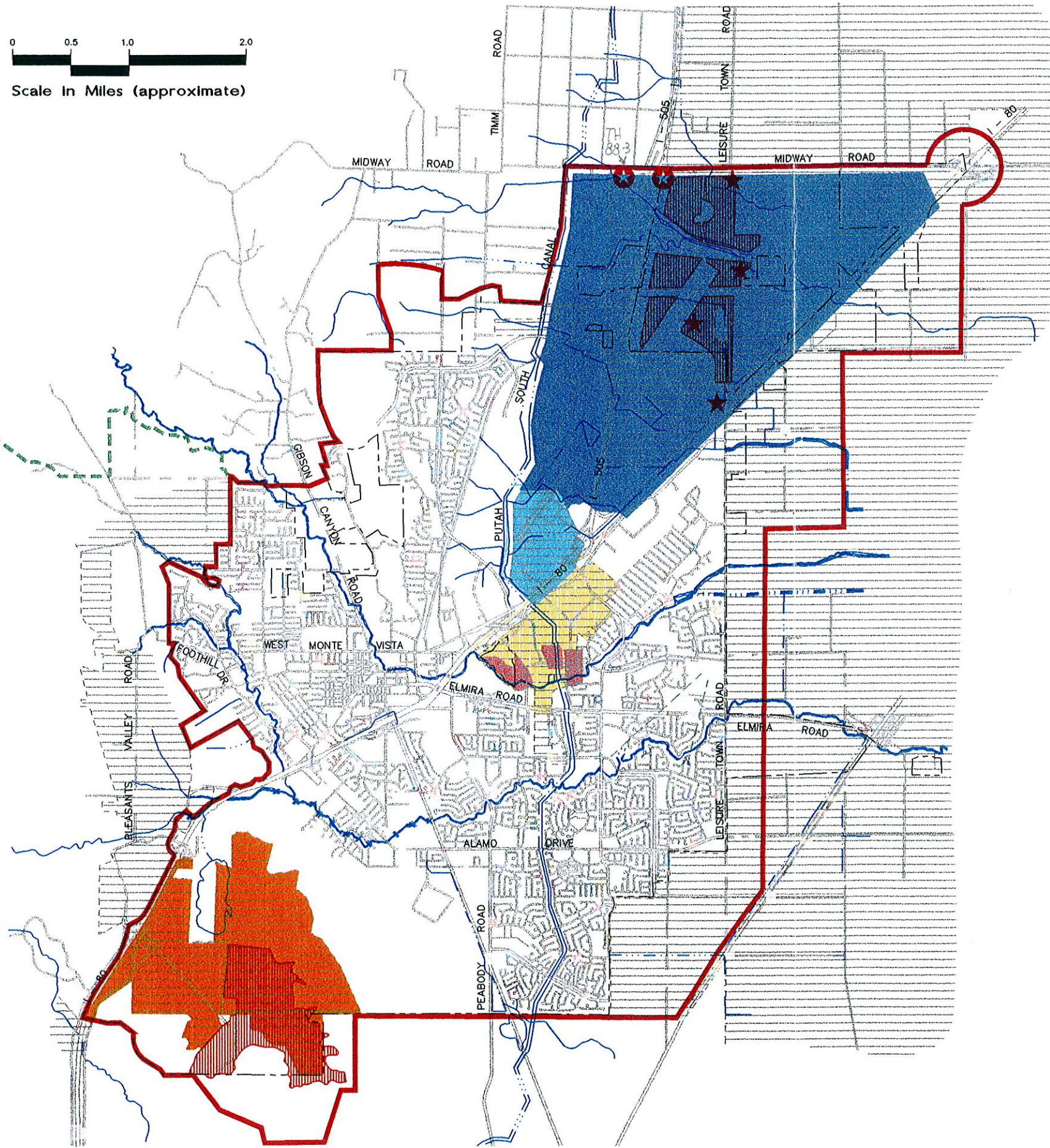
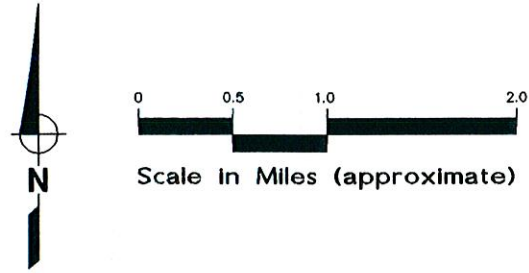
**Exhibit A**

**MASTER WATER AGREEMENT  
VACAVILLE - SID**












March, 1998

REVISED:	11/12/97
	02/24/98

CAD FILE ID: 001-  
MRG File: hp650c.pcp Date: November 12, 1997 Project No.: 001-94-49



**LEGEND:**

-  1972 Agreement Area (3,276 Acres)
-  Nut Tree Area (250 Acres)
-  Allison - Ulatis Area (387 Acres)
-  Lower Lagoon Valley Area (1,112 Acres)
-  Planned Residential Development
-  SID Service Area
-  City Limits (as of September 1994)
-  Urban Service Area
-  Long Term Planning Area Limit
-  Proposed City Well Site (approximate)
-  Proposed District Well Site (approximate)

**NOTES:**

1. BOUNDARIES ARE APPROXIMATE.
2. AREA MEASUREMENTS ARE DERIVED FROM ASSESSOR'S PARCEL MAP MARKUPS USING APPROXIMATE METHODS.
3. SOME PARCELS WITHIN THE 72 AGREEMENT AND ALLISON-ULATIS AREAS ARE OUTSIDE THE CURRENT CITY LIMITS AND MAY NOT EXERT A WATER DEMAND NOW OR IN THE FUTURE.

**West Yost & Associates**  
CONSULTING ENGINEERS

**Exhibit B**

**MASTER WATER AGREEMENT  
VACAVILLE - SID**

May 24, 1995

REVISED:  
11/12/97

**Attachment 1  
City of Vacaville and S.I.D.  
Master Water Agreement, Amendment 2  
Water Purchase Schedule**

Water Year	Annual Amount (AF/yr)	Additional Amount AF/yr
2010	2,500	0
2011	2,625	125
2012	2,750	125
2013	2,875	125
2014	3,000	125
2015	3,125	125
2016	3,325	200
2017	3,525	200
2018	3,725	200
2019	3,925	200
2020	4,125	200
2021	4,425	300
2022	4,725	300
2023	5,025	300
2024	5,325	300
2025	5,625	300
2026	5,925	300
2027	6,225	300
2028	6,525	300
2029	6,825	300
2030	7,125	300
2031	7,425	300
2032	7,725	300
2033	8,025	300
2034	8,325	300
2035	8,625	300
2036	8,925	300
2037	9,225	300
2038	9,525	300
2039	9,825	300
2040	10,050	225
2041	10,050	0
2042	10,050	0
2043	10,050	0
2044	10,050	0
2045	10,050	0
2046	10,050	0
2047	10,050	0
2048	10,050	0
2049	10,050	0
2050	10,050	0

**Attachment 1A  
Vacaville-SID Master Water Agreement  
Second Amendment**

**Examples of Water Payment Calculations**

Principles and Assumptions:

1. In Water Year 2015, Vacaville is taking 3,125 acre-feet (AF) per the Water Purchase Schedule.
2. Assuming a 3% inflation rate from 2010 to 2014, the Base Water Rate has increased from \$120 per AF to \$139.11 per AF for the 2015 Water Rate.
3. Therefore Vacaville paid  $3,125 \times \$139.11 = \$434,718.75$  for the 2015 Purchase Amount.
4. At 3% inflation, the 2016 Base Water Rate will be \$143.28 per AF.
5. The Optional Lump Sum Payment Rate is \$2,500 per AF in 2010. Assuming the 3% inflation rate, this has increased to \$2,985.13 per AF for the 2016 Optional Lump Sum Payment Rate.
6. The Optional Water Rate is equal to half of the Base Water Rate. In 2016 it equals \$71.64.
7. Per Section 5.2.A.1 as modified by the Second Amendment, City can buy up to half of the scheduled increase in water purchase, called the Additional Amount, per the Water Purchase Schedule of Section 5.2.F.2, as modified by the Second Amendment, by the “Payment-and-Rate Option,” called the Option in these examples.
8. If the City wants to buy an amount of water greater than the Additional Amount in the Water Purchase Schedule, all or part of the amount purchased over the Additional Amount, called the Extra Amount, can be bought as Optional Water.

**Example 1: Optional Purchase within the Scheduled Additional Amount**

- A. In June, 2015 the City wants to buy 100 AF for a Developer within the City. The City decides to take this amount out of the Additional Amount scheduled for 2016.
- B. Prior to November 1, 2015, City must notify District of its intent to exercise the Payment-and-Rate Option on 100 AF for the Prototype Development. This additional quantity of water is referred to as the Optional Water Amount.

*For 2016:*

- C. City’s Purchase Amount increases on March 1, 2016 by 200 AF per the Water Purchase Schedule. Per Section 5.2.A.1 the City can buy half of 200 AF by the Payment and Rate Option, which equals the amount needed for the Prototype Development.

- D. The 2016 Purchase Amount is therefore a Base Water Amount of (3,125 AF + 100 AF =) 3,225 AF + the Optional Water Amount of 100 AF = 3,325 AF total. The Water Purchase Schedule remains unchanged.
- E. The 2016 Base Water Payment is the Base Water Amount times the 2016 Base Water Rate, which is 3,225 AF x \$143.28 per AF = \$462,078.00.
- F. The 2016 Optional Lump Sum Payment is the Additional Optional Water Amount times the Optional Lump Sum Payment Rate, which is 100 AF x \$2,985.13 per AF = \$298,513.00. This is due on March 1, 2016 and payable in cash within 30 days.
- G. The 2016 Optional Water Payment is the Optional Water Amount times the Optional Water Rate, which is 100 AF x \$71.64 per AF = \$7,164.00.
- H. The City's total 2016 payment is \$462,078 + 298,513 + 7,164 = \$767,755.

*For 2017:*

- I. The 2017 Purchase Amount is a Base Water Amount of (3,225 AF + 200 AF =) 3,425 AF + an Optional Water Amount of 100 AF = 3,525 AF total.
- J. The 2017 Base Water Payment is 3,425 AF x (\$143.29 + 3% = \$147.58 per AF) = \$505,461.50.
- K. The 2017 Optional Water Payment is 100 AF x (\$147.58/2 = \$73.79 per AF) = \$7,379.00.
- L. The City's total 2017 payment is \$505,461.50 + 7,379.00 = \$512,840.50.

**Example 2: Optional Purchase within, and in addition to, the Scheduled Additional Amount** *(included are the Optional Purchase amounts from Example 1)*

- A. By the 2020 Water Year the City is purchasing 4,125 AF per the Water Purchase Schedule. This includes 4,025 AF of Base Water and 100 AF of Optional Water.
- B. In June, 2020 the City wants to buy another 200 AF for a new development within the City.
- C. Prior to November 1, 2020, City must notify District of its intent to exercise the Payment-and-Rate Option for the additional 200 AF.

*For 2021:*

- D. City's Purchase Amount increases on March 1, 2021 by 300 AF per the Water Purchase Schedule. Per Section 5.2.A.1 the City can buy half of 300 AF, or 150 AF, by the Payment and Rate Option, but it needs 200 AF for the Prototype Development. Therefore it will buy an Extra Amount of 50 AF, for a total purchase in 2021 of 350 AF. All of the Extra Amount

will be purchased as Optional Water (since the Developer will pay the Lump Sum Amount to the City for its water supply).

- E. The 2021 Purchase Amount is therefore a Base Water Amount of  $(4,025 \text{ AF} + 150 \text{ AF} =) 4,175 \text{ AF}$  + an Optional Water Amount of  $(100 \text{ AF (from Example 1)} + 150 \text{ AF} + 50 \text{ AF} =) 300 \text{ AF} = 4,475 \text{ AF}$  total.
- F. The 2021 Base Water Payment is the Base Water Amount times the 2021 Base Water Rate, which is  $4,175 \text{ AF} \times \$166.11 \text{ per AF} = \underline{\$693,509.25}$ .
- G. The 2021 Optional Lump Sum Payment is the Additional plus Extra Optional Water Amounts times the 2021 Optional Lump Sum Payment Rate, which is  $200 \text{ AF} \times \$3,460.58 \text{ per AF} = \underline{\$692,117.00}$ . This is due on March 1, 2021 and payable in cash within 30 days.
- H. The 2021 Optional Water Payment is the Optional Water Amount times the Optional Water Rate, which is  $300 \text{ AF} \times \$83.06 \text{ per AF} = \underline{\$24,916.50}$ .
- I. The City's total 2021 payment is  $\$693,509.25 + 692,117.00 + 24,916.50 = \underline{\$1,410,542.75}$ .
- J. Because an Extra Amount of 50 AF is purchased in 2021, this changes the rest of the Annual Amounts in the Water Purchase Schedule. The revised Schedule is shown in the example spreadsheet. The total amount available under the agreement is still taken in 2040, but the last increase is reduced by 50 AF, and the annual payments are increased.

*For 2022:*

- K. The 2022 Purchase Amount is a Base Water Amount of  $(4,175 \text{ AF} + 300 \text{ AF} =) 4,475 \text{ AF}$  + an Optional Water Amount of  $300 \text{ AF} = 4,775 \text{ AF}$  total.
- L. The 2022 Base Water Payment is  $4,475 \text{ AF} \times (\$166.11 + 3\% = \$171.09 \text{ per AF}) = \underline{\$765,627.75}$ .
- M. The 2022 Optional Water Payment is  $300 \text{ AF} \times (\$171.09/2 = \$85.55 \text{ per AF}) = \underline{\$25,663.50}$ .
- N. The City's total 2022 payment is  $\$765,627.75 + 25,663.50 = \underline{\$791,291.25}$ .

### **Effect of Optional and Extra Purchases in Examples 1 and 2**

If the unchanged Water Purchase Schedule is followed, assuming a 3% annual increase in the Cost of Living Index, the District will be paid **\$73,360,429.75** from 2010 to 2050. If the purchases are modified per Examples 1 and 2, using the same assumption of 3% inflation, the District will be paid lump sums of \$990,630.00 plus annual payments totaling \$73,336,176.25, for a total of **\$74,326,806.25** (an **increase of \$966,376.50**).

**Attachment 1A  
City of Vacaville and S.I.D.  
Master Water Agreement, Amendment 2  
Water Purchase Schedule  
Modified per Payment Calculation Examples**

Changes caused by additions in Examples 1 and 2

Water Year	Annual Amount (AF/yr)	Additional Amount AF/yr	Water Rate				Optional Lump Sum Payment Rate \$/AF
			CPI-W as of 12-31 of Previous Year	% Increase (% Decrease) Assumed	Base Water Rate \$/AF	Optional Water Rate \$/AF	
2010	2,500	0	630.600	x	\$120.00	\$60.00	\$ 2,500.00
2011	2,625	125		3.00%	\$123.60	\$61.80	\$ 2,575.00
2012	2,750	125		3.00%	\$127.31	\$63.66	\$ 2,652.25
2013	2,875	125		3.00%	\$131.13	\$65.57	\$ 2,731.82
2014	3,000	125		3.00%	\$135.06	\$67.53	\$ 2,813.77
2015	3,125	125		3.00%	\$139.11	\$69.56	\$ 2,898.19
2016	3,325	200		3.00%	\$143.28	\$71.64	\$ 2,985.13
2017	3,525	200		3.00%	\$147.58	\$73.79	\$ 3,074.68
2018	3,725	200		3.00%	\$152.01	\$76.01	\$ 3,166.93
2019	3,925	200		3.00%	\$156.57	\$78.29	\$ 3,261.93
2020	4,125	200		3.00%	\$161.27	\$80.64	\$ 3,359.79
2021	4,475	350		3.00%	\$166.11	\$83.06	\$ 3,460.58
2022	4,775	300		3.00%	\$171.09	\$85.55	\$ 3,564.40
2023	5,075	300		3.00%	\$176.22	\$88.11	\$ 3,671.33
2024	5,375	300		3.00%	\$181.51	\$90.76	\$ 3,781.47
2025	5,675	300		3.00%	\$186.96	\$93.48	\$ 3,894.92
2026	5,975	300		3.00%	\$192.57	\$96.29	\$ 4,011.77
2027	6,275	300		3.00%	\$198.35	\$99.18	\$ 4,132.12
2028	6,575	300		3.00%	\$204.30	\$102.15	\$ 4,256.08
2029	6,875	300		3.00%	\$210.43	\$105.22	\$ 4,383.77
2030	7,175	300		3.00%	\$216.74	\$108.37	\$ 4,515.28
2031	7,475	300		3.00%	\$223.24	\$111.62	\$ 4,650.74
2032	7,775	300		3.00%	\$229.94	\$114.97	\$ 4,790.26
2033	8,075	300		3.00%	\$236.84	\$118.42	\$ 4,933.97
2034	8,375	300		3.00%	\$243.95	\$121.98	\$ 5,081.99
2035	8,675	300		3.00%	\$251.27	\$125.64	\$ 5,234.44
2036	8,975	300		3.00%	\$258.81	\$129.41	\$ 5,391.48
2037	9,275	300		3.00%	\$266.57	\$133.29	\$ 5,553.22
2038	9,575	300		3.00%	\$274.57	\$137.29	\$ 5,719.82
2039	9,875	300		3.00%	\$282.81	\$141.41	\$ 5,891.41
2040	10,050	175		3.00%	\$291.29	\$145.65	\$ 6,068.16
2041	10,050	0		3.00%	\$300.03	\$150.02	\$ 6,250.20
2042	10,050	0		3.00%	\$309.03	\$154.52	\$ 6,437.71
2043	10,050	0		3.00%	\$318.30	\$159.15	\$ 6,630.84
2044	10,050	0		3.00%	\$327.85	\$163.93	\$ 6,829.76
2045	10,050	0		3.00%	\$337.69	\$168.85	\$ 7,034.66
2046	10,050	0		3.00%	\$347.82	\$173.91	\$ 7,245.70
2047	10,050	0		3.00%	\$358.25	\$179.13	\$ 7,463.07
2048	10,050	0		3.00%	\$369.00	\$184.50	\$ 7,686.96
2049	10,050	0		3.00%	\$380.07	\$190.04	\$ 7,917.57
2050	10,050	0		3.00%	\$391.47	\$195.74	\$ 8,155.09



**Attachment 1A  
City of Vacaville and S.I.D.  
Master Water Agreement, Amendment 2  
Water Purchase Schedule  
Modified per Payment Calculation Examples**

Example Purchase Calculations

Water Year	Base Water					Optional Water					Total Water				
	Annual Payments					Lump Sum Payments				Annual Payments			Total Water Payment	Total Water Purchase	
	Additional Base Water	Extra as Base Water	Base Water	Base Water	Base Water	Additional Water	Extra as Water	Optional Lump Sum Payment	Optional Lump Sum	Optional Water	Optional Water	Optional Water			
	Amount	Amount	Amount	Rate	Payment	Amount	Amount	Rate	Payment	Amount	Rate	Payment	\$	AF	
AF	AF	AF	\$/AF	\$	AF	AF	\$/AF	\$/AF	AF	\$/AF	\$				
2010			2,500	\$120.00	\$300,000.00								\$300,000.00	2,500	
2011	125		2,625	\$123.60	\$324,450.00								\$324,450.00	2,625	
2012	125		2,750	\$127.31	\$350,102.50								\$350,102.50	2,750	
2013	125		2,875	\$131.13	\$376,998.75								\$376,998.75	2,875	
2014	125		3,000	\$135.06	\$405,180.00								\$405,180.00	3,000	
2015	125		3,125	\$139.11	\$434,718.75								\$434,718.75	3,125	
2016	100		3,225	\$143.28	\$462,078.00	100		\$ 2,985.13	\$ 298,513.00	100	\$71.64	\$7,164.00	\$767,755.00	3,325	
2017	200		3,425	\$147.58	\$505,461.50					100	\$73.79	\$7,379.00	\$512,840.50	3,525	
2018	200		3,625	\$152.01	\$551,036.25					100	\$76.01	\$7,600.50	\$558,636.75	3,725	
2019	200		3,825	\$156.57	\$598,880.25					100	\$78.29	\$7,828.50	\$606,708.75	3,925	
2020	200		4,025	\$161.27	\$649,111.75					100	\$80.64	\$8,063.50	\$657,175.25	4,125	
2021	150		4,175	\$166.11	\$693,509.25	150	50	\$ 3,460.58	\$ 692,117.00	300	\$83.06	\$24,916.50	\$1,410,542.75	4,475	
2022	300		4,475	\$171.09	\$765,627.75					300	\$85.55	\$25,663.50	\$791,291.25	4,775	
2023	300		4,775	\$176.22	\$841,450.50					300	\$88.11	\$26,433.00	\$867,883.50	5,075	
2024	300		5,075	\$181.51	\$921,163.25					300	\$90.76	\$27,226.50	\$948,389.75	5,375	
2025	300		5,375	\$186.96	\$1,004,910.00					300	\$93.48	\$28,044.00	\$1,032,954.00	5,675	
2026	300		5,675	\$192.57	\$1,092,834.75					300	\$96.29	\$28,885.50	\$1,121,720.25	5,975	
2027	300		5,975	\$198.35	\$1,185,141.25					300	\$99.18	\$29,752.50	\$1,214,893.75	6,275	
2028	300		6,275	\$204.30	\$1,281,982.50					300	\$102.15	\$30,645.00	\$1,312,627.50	6,575	
2029	300		6,575	\$210.43	\$1,383,577.25					300	\$105.22	\$31,564.50	\$1,415,141.75	6,875	
2030	300		6,875	\$216.74	\$1,490,087.50					300	\$108.37	\$32,511.00	\$1,522,598.50	7,175	
2031	300		7,175	\$223.24	\$1,601,747.00					300	\$111.62	\$33,486.00	\$1,635,233.00	7,475	
2032	300		7,475	\$229.94	\$1,718,801.50					300	\$114.97	\$34,491.00	\$1,753,292.50	7,775	
2033	300		7,775	\$236.84	\$1,841,431.00					300	\$118.42	\$35,526.00	\$1,876,957.00	8,075	
2034	300		8,075	\$243.95	\$1,969,896.25					300	\$121.98	\$36,592.50	\$2,006,488.75	8,375	
2035	300		8,375	\$251.27	\$2,104,386.25					300	\$125.64	\$37,690.50	\$2,142,076.75	8,675	
2036	300		8,675	\$258.81	\$2,245,176.75					300	\$129.41	\$38,821.50	\$2,283,998.25	8,975	
2037	300		8,975	\$266.57	\$2,392,465.75					300	\$133.29	\$39,985.50	\$2,432,451.25	9,275	
2038	300		9,275	\$274.57	\$2,546,636.75					300	\$137.29	\$41,185.50	\$2,587,822.25	9,575	
2039	300		9,575	\$282.81	\$2,707,905.75					300	\$141.41	\$42,421.50	\$2,750,327.25	9,875	
2040	175		9,750	\$291.29	\$2,840,077.50					300	\$145.65	\$43,693.50	\$2,883,771.00	10,050	
2041	0		9,750	\$300.03	\$2,925,292.50					300	\$150.02	\$45,004.50	\$2,970,297.00	10,050	
2042	0		9,750	\$309.03	\$3,013,042.50					300	\$154.52	\$46,354.50	\$3,059,397.00	10,050	
2043	0		9,750	\$318.30	\$3,103,425.00					300	\$159.15	\$47,745.00	\$3,151,170.00	10,050	
2044	0		9,750	\$327.85	\$3,196,537.50					300	\$163.93	\$49,177.50	\$3,245,715.00	10,050	
2045	0		9,750	\$337.69	\$3,292,477.50					300	\$168.85	\$50,653.50	\$3,343,131.00	10,050	
2046	0		9,750	\$347.82	\$3,391,245.00					300	\$173.91	\$52,173.00	\$3,443,418.00	10,050	
2047	0		9,750	\$358.25	\$3,492,937.50					300	\$179.13	\$53,737.50	\$3,546,675.00	10,050	
2048	0		9,750	\$369.00	\$3,597,750.00					300	\$184.50	\$55,350.00	\$3,653,100.00	10,050	
2049	0		9,750	\$380.07	\$3,705,682.50					300	\$190.04	\$57,010.50	\$3,762,693.00	10,050	
2050	0		9,750	\$391.47	\$3,816,832.50					300	\$195.74	\$58,720.50	\$3,875,553.00	10,050	
													\$990,630.00	\$73,336,176.25	\$74,326,806.25