### MONTEREY COUNTY WATER RESOURCES AGENCY BOARD OF DIRECTORS PERSONNEL AND ADMINISTRATION COMMITTEE

#### **COMMITTEE MEMBERS**

Mark Gonzalez, Chair David Hart Richard Ortiz Glen Dupree

| TIME:  | 8:30 a.m.                              |
|--------|--|
| DATE:  | Friday, April 7, 2017                  |
| PLACE: | Monterey County Water Resources Agency |
|        | Board Room                             |
|        | 893 Blanco Circle                      |
|        | Salinas, CA 93901                      |
|        | (831) 755-4860                         |

### AGENDA

#### 1. Call to Order

### 2. Public Comment

(Limited to three (3) minutes per speaker on matters within the jurisdiction of the Agency not listed on this agenda. The public will have the opportunity to ask questions and make statements on agenda items as the Committee considers them.)

3. Approve the Minutes of the Personnel and Administration Committee meeting held on March 3, 2017.

The Committee will consider approval of the Minutes of the above-mentioned meeting.

- 4. Consider receiving an update on Personnel activities. David Chardavoyne, General Manager, will provide an update on personnel activities.
- Consider approving the Pure Water Monterey Easement with Monterey Regional Water Pollution Control Agency.
   Brent Buche, Deputy General Manager, will provide this report.
- 6. Consider receiving an update on the proposed revised Boat Dock Ordinance Brent Buche, Deputy General Manager, will provide this report.
- 7. Consider receiving an update on activities at the Lakes. Brent Buche, Deputy General Manager, will provide a verbal report on Lakes issues.

## 8.

**Consider receiving an update on Real Property issues.** Brent Buche, Deputy General Manager, will provide a verbal report on real property issues.

## 9.

**Set next meeting date and discuss future agenda items.** The Committee will discuss and determine details for its next meeting.

#### 10. Adjournment

### MONTEREY COUNTY WATER RESOURCES AGENCY BOARD OF DIRECTORS PERSONNEL AND ADMINISTRATION COMMITTEE

#### **COMMITTEE MEMBERS**

Mark Gonzalez, Chair Richard Ortiz David Hart Glen Dupree

| TIME   | 8:30 a.m.                              |
|--------|--|
| DATE:  | Friday, March 3, 2017                  |
| PLACE: | Monterey County Water Resources Agency |
|        | 893 Blanco Circle                      |
|        | Salinas, CA 93901                      |
|        | (831) 755-4860                         |

#### **MINUTES**

1. Call Meeting to Order @ 8:32 a.m. by Committee Chair Gonzalez Members Present: David Hart, Glen Dupree Members Absent: Richard Ortiz

A quorum was established.

- 2. **Public Comment:** None
- **3.** Approve the Minutes of the Personnel and Administration Committee meeting held on January 13, 2017.

**Committee Action:** 

On Motion and Second by Directors Hart and Dupree respectively, the Committee approved the Minutes of the Personnel and Administration Committee meeting held on January 13, 2017.

**4. Consider receiving an update on Personnel activities.** Brent Buche, Deputy General Manager, provided an update on personnel activities.

#### **Committee Action:**

On Motion and Second by Directors Hart and Dupree respectively, the Committee received the update on Personnel activities.

5. Consider receiving an update on the Policy Relating to the Reconstruction of Structures Damaged by 2016 Chimney Fires in and around Nacimiento Reservoir Brent Buche, Deputy General Manager, provided the update.

**Public Comment:** Rick Morehouse, President of Cal Shasta Club, Gary Nicholson, Ronell Wilson, Vernon Pelton, Chris Bruhn and Scott Bruhn

#### **Committee Action:**

On Motion and Second by Directors Dupree and Hart respectively, the Committee received the update on the Policy Relating to the Reconstruction of Structures

### Damaged by 2016 Chimney Fires in and around Nacimiento Reservoir

6. Consider receiving an update on activities at the lakes. Brent Buche, Deputy General Manager, provided a verbal report on Lakes issues.

Committee Action: On Motion and Second by Directors Hart and Dupree respectively, the Committee received the update.

7. Consider receiving an update on the Pure Water Monterey Easement. Brent Buche, Deputy General Manager, provided a verbal report.

Committee Action: On Motion and Second by Directors Hart and Dupree respectively, the Committee received the report.

Consider receiving an update on Real Property issues.
 Brent Buche, Deputy General Manager, provided a verbal report on real property issues.

Committee Action: On Motion and Second by Directors Dupree and Hart respectively, by unanimous vote received the report.

8. Set next meeting date and discuss future Agenda items. Next meeting date: April 7, 2017 at 8:30 a.m. The committee will discuss the Boat Dock Ordinance.

## 9. Adjournment at 9:35 a.m.

Submitted by: Alice Henault

Approved on:

## AN APPRAISAL REPORT OF:

A Hypothetical Permanent Diversion Facility Easement, Permanent Pipeline Easement, Right-of-Ways, and Temporary Construction Easements Located west of Nashua Road to the Salinas River, Salinas, Monterey County, CA

### **REQUESTED BY:**

Ms. Yohana Vargas Contracts Administrator Monterey Regional Water Pollution Control Agency 5 Harris Court, Building D Monterey, CA 93940

## APPRAISAL AS OF:

December 15, 2016

### APPRAISED BY:

R. Anthony Brigantino, MAI

## **BRIGANTINO & COMPANY**

18921 Portola Dr., Suite F Salinas, California 93908 Telephone: (831) 455-1070 Email: tony@brigco.com

16109B



February 2, 2017

Ms. Yohana Vargas Contracts Administrator Monterey Regional Water Pollution Control Agency 5 Harris Court, Building D Monterey, CA 93940

Dear Ms. Vargas:

In response to your request, I have prepared an appraisal report of the proposed permanent easements, right-of-ways, and temporary construction easements, located west of Nashua Road to the Salinas River, Salinas, Monterey County, California. The property is more specifically identified in the following appraisal report. I personally viewed the property on December 15, 2016. The appraisal report that follows is made for the purpose of estimating the current market values of the hypothetical subject easements. The easements have been designed and drafted; however, they have not yet been legally created. Therefore, they are hypothetical.

This letter is not a complete appraisal report. The complete appraisal report accompanies this letter. The report describes the approaches to value and the conclusions derived by application of the approaches.

Based on the observation of the property, and investigations and analyses performed, it is my opinion that as of December 15, 2016, and subject to the assumptions and limiting conditions set forth in the following report, the market values of the hypothetical subject easements are:

| Parcel APN         | Owner              | Туре                | Land Area SF |          | Easement<br>Value/SF | Easement<br>Value |
|--------------------|--------------------|---------------------|--------------|----------|----------------------|-------------------|
| 135-131-005 & -007 | Yuki Farms LP      | Right of Way        | 29,278       | \$19,375 | \$0.44               | \$13,023          |
| 135-131-005 & -007 | Yuki Farms LP      | Perm. Easement (FM) | 20,304       | \$19,375 | \$0.44               | \$9,031           |
| 135-131-005 & -007 | Yuki Farms LP      | Temp. Const. Ease.  | 47,685       | \$6,400  | \$0.15               | \$7,006           |
| 135-131-003        | MCWRA              | Perm. Easement      | 8,750        | \$18,000 | \$0.41               | \$3,616           |
| 135-131-003        | MCWRA              | Temp. Const. Ease.  | 11,848       | \$1,600  | \$0.04               | \$435             |
| 135-131-002        | Blanco Fields, LLC | Perm. Easement      | 638          | \$18,000 | \$0.41               | \$264             |
| 135-131-002        | Blanco Fields, LLC | Temp. Const. Ease.  | 2,540        | \$6,400  | \$0.15               | \$373             |

The following appraisal report contains the identification of the property, assumptions and limiting conditions, pertinent facts about the area and the subject property, comparable data, the result of the investigations and analyses, and the reasoning leading to the conclusions. This appraisal is based on the extraordinary assumptions listed under Item 11 of the Assumptions and Limiting Conditions outlined in the attached appraisal report.

Respectfully Submitted,

R. Anthony Brigantino, MAI State Certified General License No. AG006530

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### SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

| DATE OF VALUE:             | December 15, 2016   |
|----------------------------|---|
| DATE OF VIEWING:           | December 15, 2016   |
| DATE OF REPORT:            | February 2, 2017  |
| EASEMENT LOCATION:         | The easements will be located west of Nashua<br>Road to the Salinas River, approximately four<br>miles west of Salinas, Monterey County, CA |
| BUILDING IMPROVEMENTS:     | Not applicable  |
| PROPERTY RIGHTS APPRAISED: | Easement Value  |
| OWNERSHIP:                 | Please see the Ownership History section of this report.  |

### ESTIMATED MARKET VALUES:

| Parcel APN         | Owner              | Туре                | Land Area SF |          | Easement<br>Value/SF | Easement<br>Value |
|--------------------|--------------------|---------------------|--------------|----------|----------------------|-------------------|
| 135-131-005 & -007 | Yuki Farms LP      | Right of Way        | 29,278       | \$19,375 | \$0.44               | \$13,023          |
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EXTRAORDINARY ASSUMPTIONS:

Please see item 11 of assumptions and limiting conditions.

## PROPERTY IDENTIFICATION AND LOCATION

The subject properties involve the hypothetical permanent easements, right-of-ways, and temporary construction easements summarized in the following table. These properties are located west of Nashua Road to the Salinas River, approximately four miles west of Salinas, Monterey County, California. The easements will be used to construct and access the Blanco Drain Diversion Facility.

| Parcel APN         | Owner              | Туре                | Land Area SF |
|--------------------|--------------------|---------------------|--------------|
| 135-131-005 & -007 | Yuki Farms LP      | Right of Way        | 29,278       |
| 135-131-005 & -007 | Yuki Farms LP      | Perm. Easement (FM) | 20,304       |
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| 135-131-002        | Blanco Fields, LLC | Temp. Const. Ease.  | 2,540        |

## LEGAL DESCRIPTION

A legal description of the subject property was not made available to the appraiser. The aerial photograph included in this report was relied upon for identification of the subject property. This appraisal assumes the aerial photograph accurately describes the subject property. The appraised values of the property could be significantly different if the boundary lines of the property are significantly different than indicated by the aerial photograph.

### PROPERTY RIGHTS APPRAISED

This appraisal is an estimate of easement value, which is not an ownership right, but a right to use property. This appraisal is exclusive of any encumbrances, liens, or additional restrictions on ownership.

### PURPOSE AND FUNCTION

| <u>Client:</u> | Monterey Regional Water Pollution Control Agency |
|----------------|--|
| Intended User: | Monterey Regional Water Pollution Control Agency |
| Intended Use:  | To assist with the purchase of the easements     |

This appraisal is made at the request of Ms. Yohana Vargas, Monterey Regional Water Pollution Control Agency. The purpose of the appraisal is to estimate the current market values of the hypothetical subject easements. This report is intended for use by the client only, to assist with the purchase of the easements. No other parties are

authorized to rely upon this report without the express written consent of the appraiser. This appraisal report does not guarantee that the property is free of defects. Use of this report by others, or for other uses not identified above, is not intended by the appraiser.

#### DATE OF VALUATION

The date of valuation is December 15, 2016, the date of observation of the subject property.

#### **OWNERSHIP HISTORY**

The subject property encompasses hypothetical portions of assessor's parcel numbers 135-131-002, 135-131-003, 135-131-005, and 135-131-007. According to the client, title to assessor's parcel number 135-131-003 is currently held in the name of Monterey County Water Resources Agency. According to the assessor's data sheets, title to assessor's parcel number 135-131-002 is currently held in the name of Blanco Fields, and title to assessor's parcel numbers 135-131-005 and 135-131-007 is currently held in the name of Yuki Farms Limited Partnership.

Title to these assessor's parcel numbers has remained relatively unchanged and they have not been formally listed for sale during the past three years.

#### SCOPE OF THE APPRAISAL

This is an appraisal report prepared in conformance with the Code of Ethics of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice (USPAP). Unless otherwise stated, this appraisal assignment is within the appraiser's area of professional expertise and competency.

Property Identification: The subject properties are hypothetical and are identified on the Whitson Engineers Draft Drawings included in the addendum. The easements will be used to construct and access the Blanco Drain Diversion Facility.

*Property Observation:* An on-site observation of the subject property was performed by the appraiser on December 15, 2016.

Type and Extent of Data Researched: A number of investigations and analyses were made during the process of performing this appraisal. The market area description is based on an independent inspection, and survey of the city, county, and immediate neighborhood of the subject property. The statistical and demographic data included is based on the Monterey County General Plan and the United States Census.

Comparable market data will be obtained through local Multiple Listing Services, County Assessor's Office records, and interviews with local real estate brokers, developers, property managers, and general contractors. Unless otherwise noted, all of the market data will be confirmed with buyer, seller, and/or listing broker.

Applied Analyses: The Cost, Direct Sales Comparison, and Income approaches were considered by the appraiser. All approaches necessary to produce a credible appraisal have been performed by the appraiser.

## ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal was completed with the following assumptions and limiting conditions:

- The information provided by others is assumed to be accurate and reliable. Maps, plats and exhibits are to assist the reader in visualizing the property and are not for legal reference, or represented as an engineer's work product.
- 2. It is assumed all applicable zoning, use regulations, and restrictions have been met unless a nonconformity is stated, defined, and considered in the report.
- 3. Title to the subject is assumed to be marketable and free and clear of all liens, encumbrances or defects of title. The property is assumed to be under responsible ownership and competent management, and available for its highest and best use.
- 4. This report is prepared for use by the client/agent for the purpose and function specified in the report, in accordance with the appraisal service agreement. It is the intent of the appraiser that this report meets the standards of, and complies with the Uniform Standards of Professional Appraisal Practice. This report is subject to review by duly appointed authorities of professional appraisal organizations, which the appraiser is a member of.
- 5. The appraiser is not required to give testimony or to appear in court as a result of appraising the subject property, unless arrangements have been made previously. Any additional time requested of the appraiser, or Brigantino & Company, will be billed at a market rate to be determined at the time those services are provided.
- 6. The value, if any, in growing crops and other non-itemized personal property, not specifically addressed, is not included in the final value estimates.
- 7. A Phase I environmental study was not available for review. The appraiser is not qualified to detect hazardous substances whether by visual inspection or otherwise, nor qualified to determine the effect, if any, of known or unknown substances present. Unless otherwise stated, the final value estimates are based on the subject property being free of hazardous waste contamination, and the final estimates are subject to any cost of clean up and/or stigma resulting from possible contamination.
- 8. The appraiser assumes no responsibility for legal matters, specialized investigation or knowledge beyond that typically used by real estate appraisers.
- **9.** The appraiser reserves the right to change or alter the appraisal report and stated value, if new facts are received that, in his opinion, warrant a change.

10. The boundary lines, acreage, and square footage estimates provided in this report are approximate. No guarantee is given regarding the accuracy of these estimates. A qualified surveyor or engineer should be enlisted for more accurate estimates.

### 11. Summary of Extraordinary Assumptions and Hypothetical Conditions:

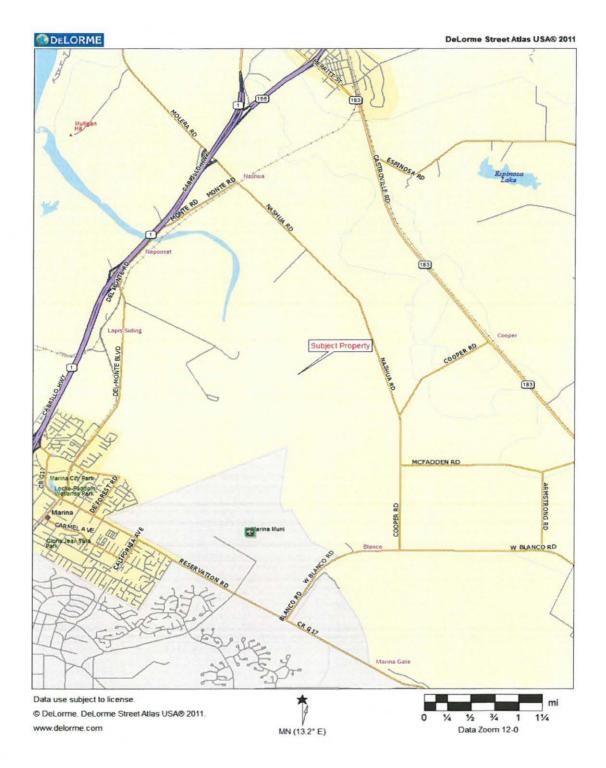
**Extraordinary Assumption:** An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2012-2013 ed.)

- The subject properties are hypothetical and are identified on the Whitson Engineers Draft Drawings included in the addendum. The appraised value of the property could be significantly different, if the boundary lines of the property are significantly different than indicated by these draft drawings.
- This appraisal did not consider severance damages or benefits to the remainder properties.

**Hypothetical Condition:** A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of the data used in an analysis. (USPAP, 2012-2013 ed.)

 The subject easements and right of ways do not currently exist. It is reasonable to assume that it is possible for the easements to be created. This appraisal is of the hypothetical easements that do not currently exist, but which this appraisal assumes to exist.

## SUBJECT LOCATION MAP



### MARKET AREA DESCRIPTION AND ANALYSIS

Physical Characteristics:

The market area encompasses the Salinas and Pajaro Valleys, stretching from Watsonville, south to King City. The Salinas Valley runs in a northwest direction, is surrounded on three sides by coastal foothills, terraces and mountains, and is open to the Monterey Bay on the northwest end.

The main transportation route in the market area is Highway 101, which runs through the center of the Salinas Valley. Highway 101 is the major link from the Salinas Valley to the U.S. Interstate Highway System. Scenic Highway 1 also runs through the northern end of the Salinas Valley, and connects with the Pajaro Valley at Watsonville to the north.

The market area has warm summers and mild winters. The mean annual air temperature is 65 degrees Fahrenheit. Rainfall is normally ten to 15 inches per year and generally occurs between November and April. This allows two or three vegetable crops to be grown in one growing season, with two crops per year being the county average. The frost-free period is about 250 days. Snowfall is extremely rare in the valley regions of the market area.

The most predominant irrigated farmland profiles range from gently sloping upland ranches with coarse textured decomposed granite type soils, to nearly level ranches on the valley floor containing heavy clay, to ranches bordering the Salinas or Pajaro Rivers that have light textured soils and potential risk of flood. The outer perimeters of the valley consist of sloping terrain, which takes advantage of the natural airflow reducing the risk of frost. Vineyards and citrus are generally developed on the sloping farm and pastureland along the eastern and western perimeters of the Salinas Valley, taking advantage of the reduced frost risk.

**Economic Considerations:** 

Fresh market vegetable and wine grape production is the economic base of the market area. The main crops grown are lettuce, broccoli, cauliflower, celery, asparagus, and wine grapes. Although marginal farming areas have been under increasing residential pressure, the subject market area has changed very little over the past 15 years.

The agricultural real estate market is currently in an increasing trend. Current annual rents in the market area range from about \$500 to \$3,300 per acre. Farmland prices currently range from about \$10,000 to \$70,000+ per acre. The differential in value is based on characteristic differences such as location, access, climate, soil,

water, size, and shape. Level land with clay type soil and cool climates brings the highest rents and highest prices. The cool climate and clay type soils are necessary to achieve low temperatures required for growing summer vegetables. Upland parcels, those with high sand content in the soil and rolling topography, reflect values at the lower end of the range and are generally utilized for vineyards.

#### Water Issues:

Water for all uses in the market area is obtained almost entirely from deep wells, which pump from ground water aquifers. The pumping depths range from 50 feet, on the valley floor, to 200+ feet, in the foothill areas. The crop demand ranges from about 0.75-acre feet per acre for vineyard drip irrigation, to 2.00-acre feet per crop acre for some vegetable crops on sandy soils. Costs run from approximately \$75 to \$200 per crop acre. The constant demand from domestic, commercial, industrial, and agricultural uses has caused an overdraft on the underground water supply near the coast.

The overdraft is caused by pumping more fresh water from the underground sources than is replenished to the aquifers through rain, water runoff, or controlled water outlet from the San Antonio and Nacimiento Reservoirs, and the Pajaro River. This has led to a reduction in ground water levels and pumping depths near Castroville, Salinas, and Watsonville. The continual overdrafting demand has resulted in salt-water intrusion into the underground basin along the coast.

The Castroville Seawater Intrusion Program is in place to handle the seawater intrusion problem. The main components of the program are the Castroville Irrigation System pipeline and the Wastewater Reclamation System. The irrigation system pipeline is a distribution system to supply irrigation water to seawater intruded and threatened areas in the vicinity of Castroville. The Wastewater Reclamation System is designed to reclaim and treat wastewater to be supplemented into the pipeline system. In addition, a rubber dam and diversion facility were recently installed on the Salinas River, near Marina.

#### Governmental and Social Considerations:

The main purpose of the current zoning laws is to preserve the prime agricultural land in the market area. These zoning laws are not likely to change in the near future.

The vegetable and wine industries are free from any government crop subsidies or limitations. The industries operate in a free, competitive, open market and export products throughout the world. Commodity prices for crops are influenced more by supply and demand factors and weather conditions than by government regulations.

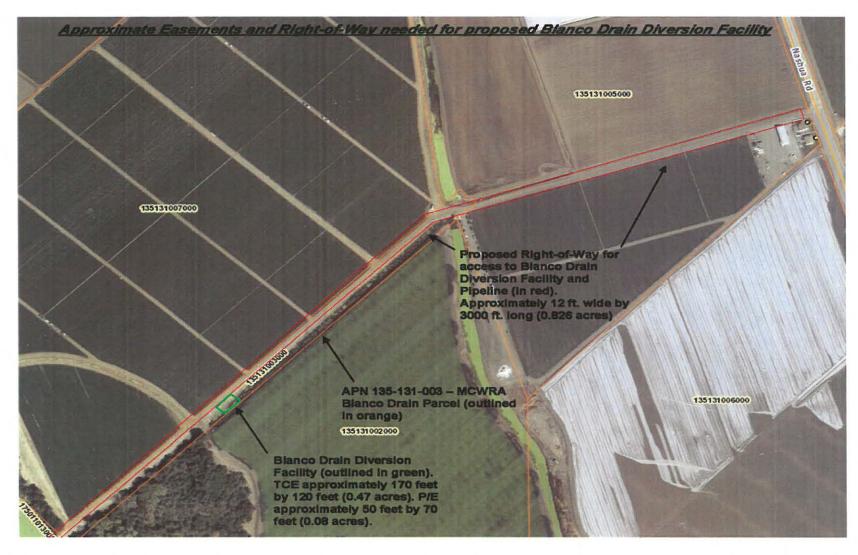
BRIGANTINO & COMPANY • Real Estate Appraisers Brokers and Consultants 18921 PORTOLA DRIVE, SUITE F, SALINAS CALIFORNIA 93908 • 831-455-1070 • www.brigco.com Agriculture plays a dominant role in the market area. Salaries paid to agricultural workers in the market area comprise about one fourth of all salaries paid, which is a larger share than in any other single industry.

Market Trends:

The agricultural real estate market is currently in an increasing trend. Recent sales indicate increasing prices, increasing rents, and a yet to be determined trend in capitalization rates. The number of farmland transactions has increased significantly over the past 18 months.

There have been several recent sales in the Salinas and Watsonville areas that indicate strong demand and increasing prices.

### **AERIAL PHOTOGRAPH**



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### SUBJECT PROPERTY DESCRIPTION

### Easement Description:

The subject properties are summarized in the following table. These properties are located west of Nashua Road to the Salinas River, approximately four miles west of Salinas, in Monterey County.

| Parcel APN         | Owner              | Туре                | Land Area SF |
|--------------------|--------------------|---------------------|--------------|
| 135-131-005 & -007 | Yuki Farms LP      | Right of Way        | 29,278       |
| 135-131-005 & -007 | Yuki Farms LP      | Perm. Easement (FM) | 20,304       |
| 135-131-005 & -007 | Yuki Farms LP      | Temp. Const. Ease.  | 47,685       |
| 135-131-003        | MCWRA              | Perm. Easement      | 8,750        |
| 135-131-003        | MCWRA              | Temp. Const. Ease.  | 11,848       |
| 135-131-002        | Blanco Fields, LLC | Perm. Easement      | 638          |
| 135-131-002        | Blanco Fields, LLC | Temp. Const. Ease.  | 2,540        |

#### Soil:

The soils on the hypothetical subject property primarily consist of clay loam and silt loam type soils that are normal for the area. These soils typically have slopes that range from zero to two percent.

#### Utilities:

Parcels near the subject are currently served with electricity and telephone services. There are no municipal sewer nor water services developed to the immediate area. The location of the nearest source for natural gas is unknown.

#### Environmental Concerns:

### Flood Hazard:

According to the National Flood Insurance Program, Flood Insurance Rate Maps, Community Panel Number 06053C0205G, dated April 2, 2009 for Monterey County, the subject is located within floodway areas in zone AE. Floodway areas in zone AE indicate the channel of a stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without substantial increases in flood heights.

### Earthquake Hazard:

The subject property is located in a seismically active area. The most significant seismic activity in the area occurred in October of 1989, when a large earthquake measuring 7.1 on the Richter scale rocked the central coast of California. The quake

was centered in the Santa Cruz Mountains, approximately 40 miles north of the subject property. Heavy property damage occurred in Santa Cruz, Watsonville, and Hollister as a result of the quake. Salinas and the Monterey Peninsula sustained only moderate damage.

#### Hazardous Materials:

A Phase I environmental study was not available for review. The appraiser is not qualified to detect hazardous substances whether by visual inspection or otherwise, nor qualified to determine the effect, if any, of known or unknown substances present. Unless otherwise stated, the final value estimates are based on the subject property being free of hazardous waste contamination, and the final estimates are subject to any cost of clean up and/or stigma resulting from possible contamination.

#### Zoning/Land Use Controls:

The hypothetical subject property encompasses portions of assessor's parcel numbers 135-131-002, 135-131-003, 135-131-005, and 135-131-007, all of which are located within the unincorporated area of Monterey County. According to the Monterey County Planning Department, these assessor's parcel numbers are primarily zoned F/40 – Farmlands-40 acre minimum, with a small portion zoned PG/40-D-S – Permanent Grazing-40 acre minimum-Design Control and Site Plan Review combining districts. In addition, they are designated Farmlands-40 acre minimum on the general plan.

The purpose of the Farmlands district is to preserve and enhance the use of the prime, productive and unique farmlands in the County of Monterey while also providing opportunity to establish necessary support facilities for those agricultural uses.

The purpose of the Permanent Grazing district is to preserve, protect, and enhance those productive exclusive grazing lands in the County of Monterey.

The purpose of the Design Control district is to provide for the regulation of the location, size, configuration, materials, and colors of structures and fences, except agricultural fences, in those areas of the County of Monterey where the design review of structures is appropriate to assure protection of the public viewshed, neighborhood character, and to assure the visual integrity of certain developments without imposing undue restrictions on private property.

The purpose of the Site Plan Review district is to provide regulations for review of development in those areas of the County of Monterey where development, by reason of its location has the potential to adversely affect or be adversely affected by natural resources or site constraints without imposing undue restrictions on private property.

#### HIGHEST AND BEST USE ANALYSIS

<u>Highest and Best Use:</u> "The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."

<u>Highest and Best Use - As If Vacant:</u> "Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements."<sup>2</sup>

<u>Highest and Best Use - As Improved:</u> "The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one."<sup>3</sup>

#### As If Vacant (APNs 135-131-002, -005, and -007):

The highest and best use of the subject property, as if vacant, is for irrigated row crop farming. The relatively large size of the subject would allow for a variety of land uses; however, county land use policies restrict use of the property primarily to agricultural use. It is unlikely that land use policies could be changed in the near future.

Of the agricultural uses that are legally permitted, vegetable and strawberry production are maximally productive. The subject property is situated in the established Blanco farming district. The subject is prime in terms of soil, water, topography, and climate.

The agricultural real estate market is currently in an increasing trend. Recent sales indicate increasing prices, increasing rents, and a yet to be determined trend in capitalization rates. The number of farmland transactions has increased significantly over the past 18 months. There have been several recent sales in the Salinas and Watsonville areas that indicate strong demand and increasing prices.

 <sup>&</sup>lt;sup>1</sup>Appraisal Institute, <u>The Dictionary of Real Estate Appraisal</u>, Fifth Edition, Chicago: Appraisal Institute, 2010, page 93.
 <sup>2</sup>Appraisal Institute, <u>The Dictionary of Real Estate Appraisal</u>, Fifth Edition, Chicago: Appraisal Institute, 2010, page 93.
 <sup>3</sup>Appraisal Institute, <u>The Dictionary of Real Estate Appraisal</u>, Fifth Edition, Chicago: Appraisal Institute, 2010, page 94.

### As If Vacant (APN 135-131-003):

The highest and best use of this parcel is for the continued use as a drainage ditch. This parcel encompasses the existing MCWRA drainage ditch. The physical characteristics of the property are very limited due to the narrow elongated shape, the limited accessibility, and by its engineered nature to transport drain water. There are no other alternative uses of the ditch that would bring a higher value than for water drainage.

While there are many drainage ditches throughout this neighborhood, most of them are situated on private property and as part of a farm parcel. While farmland, including drainage ditches are often bought and sold in the market, drainage ditches, as individual parcels, are very rare and no arm's length sales were found. Drainage ditches on farmland are normally considered useful, but are not given the full value one would pay for farmland. In fact, most times they are considered waste area and not given any value contribution by buyers and sellers.

### As Improved:

Not applicable.

## EXPOSURE TIME

"1) The time a property remains on the market. 2) The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market."<sup>4</sup>

USPAP Standard rule 1-2(c)(iv) requires an opinion of exposure time, when the purpose of the appraisal is to estimate market value. An estimated exposure time for the subject is ten months assuming competitive pricing and prudent marketing efforts.

#### METHODS OF VALUATION

In estimating the market value of the subject, the cost, direct sales comparison, and income capitalization approaches to value were considered. Of the three approaches, the direct sales comparison and income approaches give the best indication of value. The two approaches are analyzed and explained in the following pages.

The cost approach is not used because there are no buildings on the property.

<sup>4</sup>Appraisal Institute, <u>The Dictionary of Real Estate Appraisal</u>, Fifth Edition, Chicago: Appraisal Institute, 2010, page 73.

#### SALES COMPARISON APPROACH

The direct sales comparison approach is "the process of deriving a value indication for the subject property by comparing market information for similar properties with the property being appraised, identifying and making qualitative comparisons with or quantitative adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison."<sup>5</sup>

The sales comparison approach involves a direct comparison between properties that have sold and the subject property. In order to make equal comparisons between the sales and the subject property, all the sales are reduced to a price per usable acre as the unit of comparison. The usable acreage is calculated by taking the gross land area and subtracting any waste area. Usable area includes farm roads, farmstead, equipment yards, irrigation reservoir, etc. This method of comparison is the most widely used and understood in the local market.

In estimating the market value of the subject property, a search was conducted for recent irrigated farmland sales in the market area. As a result of the investigation, several sales were investigated, of which the following sales are considered the most comparable and indicative of value for the subject.

All of the sales are fee simple interest or leased fee estate sales, with normal financing terms for the area. The elements of comparison considered most by buyers of irrigated farmland are market conditions (time), location, access, land profile, development potential, water, and size. In comparing the comparable sales to the subject, not all elements of comparison required adjustment. Those elements that require adjustment are discussed in more detail in the following paragraphs.

#### Elements of Comparison:

#### Market Conditions (Time):

The agricultural farmland market has been on an increasing trend over the past few years. Sale prices and rents have increased significantly. Upward time adjustments may be warranted.

#### Location/Access:

The location adjustment accounts for different locational characteristics such as distance to main transportation routes and commercial centers, access roads, elevation, climatic differences, and adjoining uses.

<sup>&</sup>lt;sup>5</sup>Appraisal Institute, <u>The Dictionary of Real Estate Appraisal</u>, Fifth Edition, Chicago: Appraisal Institute, 2010, page 175.

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### Land Profile:

Land profile adjusts for characteristics such as soil quality, topography, flood zone, and any other physical conditions that might affect the farming capability of the property.

#### Development Potential:

This adjustment accounts for the overall development potential of the property. The zoning, sphere of influence designation, special studies performed, and development approvals are adjusted for. In addition, the existence of a Williamson Act contract, Farmland Security Zone contract, and/or Agricultural Conservation Easement are accounted for.

#### Water:

This adjustment accounts for water quality and the adequacy of irrigation wells and underground distribution lines.

#### Improvements:

This item adjusts for the quantity, size, quality, and condition of any improvements, which existed at the time of sale.

#### Size/Shape:

Larger parcels tend to receive a lower price per acre because of the larger size of the required investment. As investment requirements increase, the number of capable investors decreases, and hence there is less competition, which results in lower prices.

# Summary of Comparable Sales and Comparison Analysis:

|                          | 1                       | 2                       | 3                | 4                     | 5  |
|--------------------------|-------------------------|-------------------------|------------------|-----------------------|--|
| Buyer Name               | BLS Land Company        | Ag Land, Inc.           | D'Arrigo Bros.   | Good Earth Lands, LLC | Good Earth Lands, LLC  |
| Seller Name              | Romie Family LP         | Ketcham Brothers        | Kondo Farms Inc. | MFJK Partnership      | Wait Trust   |
| Sale Date                | 10/15/2015              | 3/21/2016               | 8/15/2016        | 11/5/2015             | 11/7/2016  |
| Doc. No.                 | 59882                   | 14507                   | 46364            | 63858                 | 43579  |
| County                   | Monterey                | Monterey                | Monterey         | Monterey              | Santa Cruz   |
| Assessor's Parcel No.    | 145-011-028+            | 211-021-011, -021       | 153-011-005      | 412-032-014+          | 052-551-03, -04 & -08  |
| Location                 | Chualar River Road      | Hebert Rd.              | off Alisal Rd.   | Giberson Rd.          | W. Beach Rd.   |
| Nearest Town/Landmark    | Chualar                 | Salinas                 | Salinas          | Moss Landing          | Watsonville  |
| Topography/Terrain       | Level to gently sloping | Level to gently sloping | Level            | Undulating to rolling | Flat   |
| Jtilities                | Elect./tel.             | Elect./tel.             | Elect./tel.      | Elect/tel.            | Elect./tel.  |
| Water                    | 4 wells                 | 2 wells                 | 2 wells          | Off-site ag well      | Ag well  |
| Zoning                   | F/40-Farmlands          | F/40-Farmlands          | F/40-Farmlands   | CAP(CZ) & RC(CZ)      | CA - Comm. Ag.   |
| 100 Year Flood Zone      | Portion                 | Small portion           | No               | No                    | Yes 100%   |
| Gross Acres              | 440.00                  | 105.51                  | 223.64           | 86.50                 | 53.67  |
| Jsable/farmable Ac.      | 435.00                  | 97.00                   | 221.00           | 74.00                 | 53.56  |
| Building Improvements    | 2 old dwellings,        | None                    | None             | None                  | None   |
|                          | misc. farm bldgs.       |                         |                  |                       |  |
| Sale Price               | \$24,686,500            | \$5,610,000             | \$13,000,000     | \$4,946,000           | \$3,870,000  |
| Land Price Per Acre      | \$56,751                | \$57,835                | \$58,824         | \$66,838              | \$72,255   |
| ELEMENTS OF COMPARIS     |                         |                         | -                |                       | a standard and a |
| Time Adjustment          | 5.00%                   | 0.00%                   | 0.00%            | 0.00%                 | 0.00%  |
| Time Adjusted Sale Price | \$59,588                | \$57,835                | \$58,824         | \$66,838              | \$72,255   |
| Conditions of Sale       | Similar                 | Similar                 | Similar          | Similar               | Similar  |
| Financing                | Similar                 | Similar                 | Similar          | Similar               | Similar  |
| Location/Access          | Inferior                | In ferior               | Inferior         | Inferior              | Inferior   |
| Land Profile             | Inferior                | Inferior                | Inferior         | Inferior              | Similar  |
| Development Potential    | Similar                 | Similar                 | Similar          | Similar               | Similar  |
| Water                    | Similar                 | Similar                 | Similar          | Similar               | Similar  |
| Improvements             | Similar                 | Similar                 | Similar          | Similar               | Similar  |
| Size/Shape               | Similar                 | Superior                | Similar          | Superior              | Superior   |
| Overall Comparison       | Inferior                | Inferior                | Inferior         | Inferior              | Inferior   |
| Overall Indicated        | More Than               | More Than               | More Than        | More Than             | More Than  |
| Value of Subject         | \$59,588                | \$57,835                | \$58,824         | \$66,838              | \$72,255   |

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#### Discussion of Sales:

The limited remarks that follow are made to provide the reader with unusual aspects of the sales listed, pertinent facts and an indication of which sales were most relied on in the final analysis.

<u>Comparable 1</u> is the 2015 purchase of a 440.00 gross acre ranch, situated on Chualar River Road, Chualar. Of the gross land area, approximately 435 acres are usable. This is a nearly rectangular shaped ranch with a topography that ranges from nearly level to gently sloping. It is composed of a lower bench, which has approximately 368 usable acres of nearly level land that is conventionally farmed, and an upper bench, which has approximately 67 usable acres of gently sloping land that is organically farmed. Building improvements include two old dwellings and several miscellaneous farm buildings. Water is obtained via four wells.

The purchase price was \$24,686,500, and the seller received all cash in the transaction. The listing broker reported that several offers were received, most of which were above the asking price.

*Comparison to Subject:* This sale is inferior as to location and land profile. At a time-adjusted price of \$59,588 per acre, it brackets the low end of the value range.

<u>Comparable 2</u> is the 2016 sale of a 105.51 acre ranch located on Hebert Road, northeast of Salinas. This is a somewhat irregular shaped ranch with a topography that is mostly flat with some sloping area. The ranch has been farmed to vegetable crops and strawberries for many years. Irrigation water is supplied by two deep wells. There were no building improvements on the property. The purchase price was \$5,610,000, and the seller received all cash in the transaction. It was purchased by a local farming company.

*Comparison to Subject:* This sale is superior as to the smaller size, but is inferior as to land profile and location. It also helps bracket the low end of the value range.

<u>Comparable 3</u> is the 2016 sale of a 223.64 acre ranch located off Alisal Road, east of Salinas. This is a rectangular shaped ranch with a flat topography. The ranch has been farmed to vegetable crops and strawberries for many years. Irrigation water is supplied by two deep wells and there is a storage reservoir on-site. There were no building improvements on the property. The purchase price was \$13,000,000, and the seller received all cash in the transaction. It was purchased by a local farming company.

Comparison to Subject: This sale is inferior as to location and land profile. It also helps bracket the low end of the value range.

<u>Comparable 4</u> is the November 2015 purchase of an 86.50 acre ranch, located on Giberson Road, Moss Landing. The ranch is actually two non-contiguous blocks in close proximity to each other. The overall topography ranges from undulating to rolling. Of the gross land area, approximately 74 acres are usable and the remainder is primarily situated within McClusky Slough. Irrigation water is provided by an off-site well. There are no building improvements.

The buyer was the tenant at the time of sale. The purchase price was \$4,946,000, and the seller received all cash in the transaction.

Comparison to Subject: This sale is superior as to the smaller size, but is inferior as to land profile and location.

<u>Comparable 5</u> is the recent sale of a 53.67 gross acre ranch, located along the north side of W. Beach Road, west of Watsonville. Of the gross land area, 53.56 acres are considered to be usable. This ranch has a nearly rectangular shape and a nearly level topography. It is bordered to the north by a drainage ditch, which causes some drainage and flood potential issues. There are no building improvements. Water is provided by an on-site well, which is reportedly sufficient. There is a PVWMA turn-out on the property, but the owners have not needed to connect to it.

The purchase price was \$3,870,000, and the seller received all cash in the transaction. The asking price was \$3,670,000, and the listing broker reported receiving multiple offers.

*Comparison to Subject:* This sale is superior as to the smaller size, but is inferior overall as to location. This sale price most closely reflects that of the subject property, but still remains inferior overall.

#### Summation of Value:

The preceding sales indicate a time-adjusted range in value of \$57,835 to \$72,255 per acre. Based on the preceding analysis, and with similar emphasis given each sale, the market value of the subject is estimated at \$77,500 per usable acre.

### INCOME CAPITALIZATION APPROACH

The income approach is "a set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate."<sup>1</sup>

#### Potential Gross Income:

The first step in applying the income approach requires an estimate of the subject property's economic rental value.

Comparable farmland rents in the market area presently range from about \$1,000 to \$3,300 per usable acre. The rents at the upper end of the range (\$2,000 to \$3,300 per acre), are typically prime Blanco District, Beach Road, or central Pajaro Valley ranches with loamy or clay soils and level topography. Rents at the lower end of the range (\$1,000 to \$1,950 per acre) are for ranches on the outer fringes of the Blanco District, Beach Road, or central Pajaro Valley ranches inconsistent soils, flood zone, etc.

Based on the preceding data, and considering the current strong demand, the market rental value of the subject property is estimated to be \$3,200 per acre, plus taxes.

| Rentable | Rent Per | Total Annual |
|----------|----------|--------------|
| Acres    | Acre     | Rent         |
| 1        | \$3,200  | \$3,200      |

#### Vacancy:

Good to prime farmland remains in demand, and there have been very few vacancies on ranches like the subject in the recent past.

<sup>&</sup>lt;sup>1</sup>Appraisal Institute, <u>The Dictionary of Real Estate Appraisal</u>, Fifth Edition, Chicago: Appraisal Institute, 2010, page 99.

## Direct Income Capitalization and Valuation:

The second step in the income approach is converting the income estimate into value by the use of a market supported capitalization rate. In order to obtain meaningful capitalization rates from the comparable sales, the gross income is used. This is justified because operating expenses (landlord expenses) are very consistent among the comparable farmland sales and the subject. The comparable sales analyzed in the sales comparison approach, indicate the following overall capitalization rates.

| Comparable No.        | 1                | 2                | 3                | 4                     | 5                     |
|-----------------------|------------------|------------------|------------------|-----------------------|-----------------------|
| Buyer Name            | BLS Land Company | Ag Land, Inc.    | D'Arrigo Bros.   | Good Earth Lands, LLC | Good Earth Lands, LLC |
| Seller Name           | Romie Family LP  | Ketcham Brothers | Kondo Farms Inc. | MFJK Partnership      | Wait Trust            |
| Sale Date             | 10/15/2015       | 3/21/2016        | 8/15/2016        | 11/5/2015             | 11/7/2016             |
| Sale Price            | \$24,686,500     | \$5,610,000      | \$13,000,000     | \$4,946,000           | \$3,870,000           |
| Rental Value Per Acre | \$2,142          | \$2,200          | \$2,200          | \$2,000               | \$2,650               |
| Total Rent            | \$931,770        | \$213,400        | \$486,200        | \$148,000             | \$141,934             |
| Indicated Cap. Rate   | 3.77%            | 3,80%            | 3.74%            | 2.99%                 | 3.67%                 |

### **Overall Capitalization Rates:**

The comparable sales indicate a range in capitalization rates from 2.99% to 3.80%. While these are relatively recent sales, they do not represent anticipation of the relatively recent increase in market rents. Higher market rents result in higher indicated capitalization rates. As a result, a slightly higher capitalization rate is used for the subject property. Based on the preceding analysis, a rate of 4.00% is selected for the subject. The indicated value based on the income capitalization approach is calculated as follows:

| Income  | 1 | Rate  | = | Value |        |
|---------|---|-------|---|-------|--------|
| \$3,200 |   | 4.00% | - | \$    | 80,000 |

## RECONCILIATION OF APPROACHES AND FINAL VALUE CONCLUSION

| MARKET VALUE INDICATED BY COST APPROACH             | N/A           |
|---|---------------|
| MARKET VALUE INDICATED BY SALES COMPARISON APPROACH | \$77,500/Acre |

MARKET VALUE INDICATED BY INCOME CAPITALIZATION APPROACH

\$80,000/Acre

The two approaches indicate relatively similar values for the subject property. The direct sales comparison approach was given greatest emphasis in the final analysis.

The sales comparison approach involves several relatively recent sales transactions. The number of recent comparable sales adds considerable emphasis to this approach, which is the most widely understood and applied in the local market.

The income approach typically reflects farmland purchases made by investors based on cash return from rent. Such investors typically base purchases on income earning potential and rates of return. The most recent run-up of farmland prices is due to farmer/owner-user type purchases; therefore, the income approach is given less emphasis in the final analysis.

Based on the preceding analysis, and with most emphasis given to the direct sales comparison approach, the market value of the fee simple interest in the subject property is estimated to be \$77,500 per acre.

Fee Simple Value \$77,500 Per Acre (\$1.78 Per Square Foot)

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### ALLOCATIONS OF VALUE

#### Permanent Right of Way Easement:

The permanent right of way easement will run along and within the existing farm road that extends from Nashua Road to the Salinas River. The property owners will be able to use the easement area to continue using the existing road; therefore, the value of the easement is relatively minimal and an estimate of 25% of fee simple value is appropriate.

| Fee Simple Easement |     |   | Easement | Easement |
|---------------------|-----|---|----------|----------|
| Value Value         |     |   | Value/AC | Value/SF |
| \$77,500            | 25% | = | \$19,375 | \$0.44   |

#### Permanent Pipeline Easement, Forced Main (FM):

Similar to the right of way easement, the pipeline easement will have a minimal impact on fee simple value. The pipeline will be underground and will be constructed within the existing farm road adjacent to the MCWRA ditch. This easement value is also estimated to be approximately 25% of fee simple value.

| Fee Simple  | Easement |   | Easement | Easement<br>Value/SF |  |
|-------------|----------|---|----------|----------------------|--|
| Value Value |          |   | Value/AC |                      |  |
| \$77,500    | 25%      | = | \$19,375 | \$0.44               |  |

#### Permanent Diversion Facility Easement:

Most of the diversion facility will be located within the existing MCWRA drainage ditch. This portion of the property has a relatively limited value in the market and an estimate of 25% of agricultural land value is estimated, making the fee simple value of the drainage ditch area approximately \$19,375 per acre. The diversion facility will be an exclusive use and a value 90% of fee value is appropriate.

| Fee Simple  | Easement |   | Easement | Easement |  |
|-------------|----------|---|----------|----------|--|
| Value Value |          |   | Value/AC | Value/SF |  |
| \$19,375    | 90%      | = | \$17,438 | \$0.40   |  |

#### **Temporary Construction Easement:**

This easement is temporary and the property will be left in near original condition. An estimate of two years rent, at \$3,200 per acre annually, is applied to the area of the farm road since this area may not be usable during the construction. The area within APN 135-131-003 is within the drainage ditch and will have a much more discounted value. A rate equal to 25% of the going farmland rate (\$800 per acre, per year) is appropriate for the two year period.

## Summary of Allocated Values:

| Parcel APN         | Owner              | Туре                | Land Area SF |          | Easement<br>Value/SF | Easement<br>Value |
|--------------------|--------------------|---------------------|--------------|----------|----------------------|-------------------|
| 135-131-005 & -007 | Yuki Farms LP      | Right of Way        | 29,278       | \$19,375 | \$0.44               | \$13,023          |
| 135-131-005 & -007 | Yuki Farms LP      | Perm. Easement (FM) | 20,304       | \$19,375 | \$0.44               | \$9,031           |
| 135-131-005 & -007 | Yuki Farms LP      | Temp. Const. Ease.  | 47,685       | \$6,400  | \$0.15               | \$7,006           |
| 135-131-003        | MCWRA              | Perm. Easement      | 8,750        | \$18,000 | \$0.41               | \$3,616           |
| 135-131-003        | MCWRA              | Temp. Const. Ease.  | 11,848       | \$1,600  | \$0.04               | \$435             |
| 135-131-002        | Blanco Fields, LLC | Perm. Easement      | 638          | \$18,000 | \$0.41               | \$264             |
| 135-131-002        | Blanco Fields, LLC | Temp. Const. Ease.  | 2,540        | \$6,400  | \$0.15               | \$373             |

## CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no
  personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting
  predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The appraisal was made and the appraisal report prepared in conformity with the Appraisal Foundation's Uniform Standards for Professional Appraisal Practice, except to the extent that Federal Government required invocation of USPAP's Jurisdictional Exception Rule excluding an estimate of exposure time.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been
  prepared, in conformity with the Code of Professional Ethics and Standards of Professional
  Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

antitato

Date: February 2, 2017

Appraiser:

R. Anthony Brigantino, MAI License No. AG006530

## ADDENDA

Definitions of Appraisal Terms Photographs of Subject Property Blanco Drain Site Plan Whitson Engineers Draft Drawings Comparable Sales Location Map Qualifications of Appraiser

### DEFINITIONS OF APPRAISAL TERMS

#### Definition of Market Value (UASFLA 2000, Section B-2, Page 30):

"Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal."

#### Easement:

"An interest in real property that conveys use, but not ownership, of a portion of an owner's property. Access or right-of-way easements may be acquired by private parties or public utilities. Governments dedicate conservation, open space, and preservation easements. ."<sup>2</sup>

#### Fee Simple Estate:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat."<sup>3</sup>

<sup>2</sup>Appraisal Institute, <u>The Dictionary of Real Estate Appraisal</u>, Third Edition, Chicago: Appraisal Institute, 1993, page 110.
 <sup>3</sup>Appraisal Institute, <u>The Appraisal of Real Estate</u>, Tenth Edition, Chicago: Appraisal Institute, 1992, page 122.

## Photographs of Subject

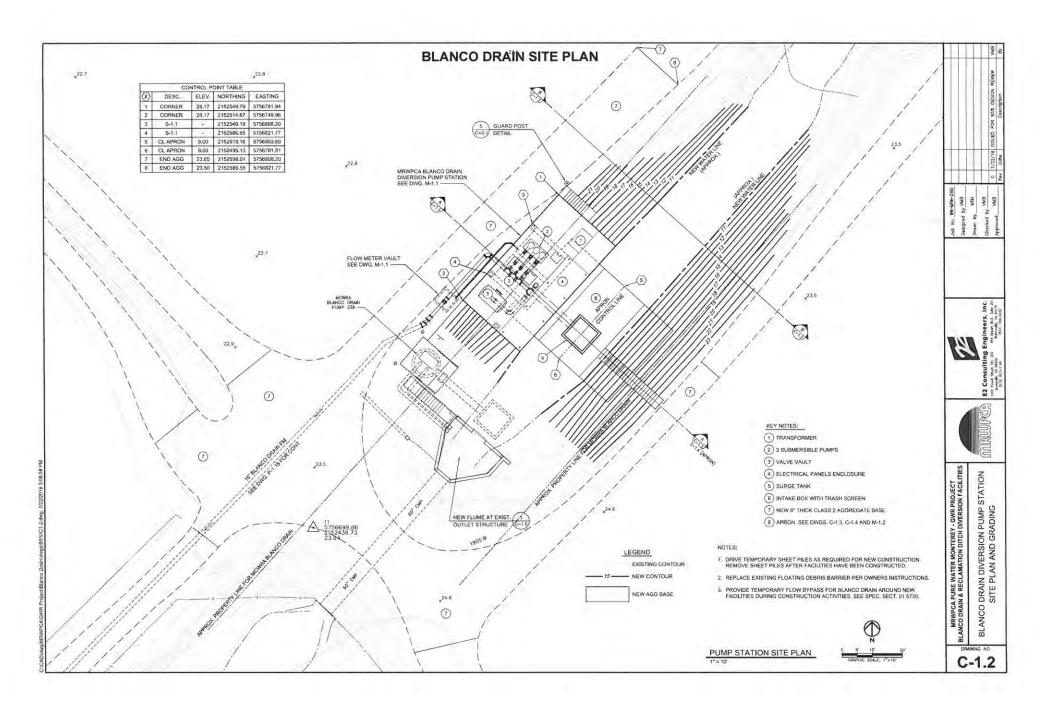
Taken December 15, 2016



East end of the proposed 12 foot right of way, facing west, as seen from Nashua Road.



(APN 135-131-003) MCWRA drain, near proposed location for the permanent easement, facing west.



### WHITSON ENGINEERS DRAFT DRAWINGS

### EXHIBIT "A" LEGAL DESCRIPTION PERMANENT EASEMENT APN 135-131-002-000

Certain real property situate in the County of Monterey, State of California, described as follows:

Being an easement over a portion of the property described in the deed recorded on April 1, 2016 as Document Number 2016-016806, Official Records of said County, more particularly described as follows:

**Beginning** at a point on the southeasterly line of the property described in the deed recorded on January 6, 1943 in Book 787 at Page 258, Official Records of said County, said point of beginning being distant North 41° 00' 00" East, 836.94 feet from the most southerly corner of said property described in Book 787 at Page 258, thence from said point of beginning along the common boundary of said properties

- 1) North 41° 00' 00" East, 175.00 feet; thence departing said common boundary
- 2) South 49° 00' 00" East 6.36 feet; thence
- 3) South 42° 46' 39" West, 175.11 feet; thence
- 4) North 47° 14' 17" West, 0.93 feet, more or less, to the point of beginning.

Containing an area of 638 square feet, more or less.

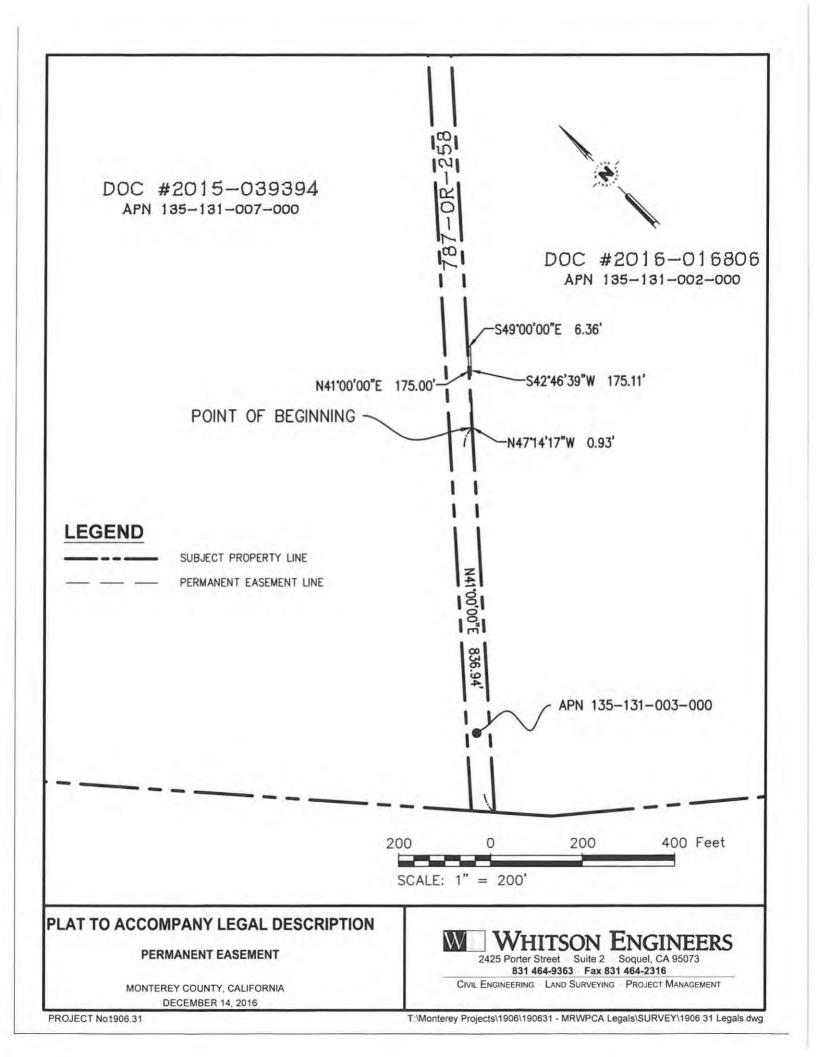
Attached hereto is a plat to accompany legal description, and by this reference made a part hereof

### END OF DESCRIPTION

PREPARED BY: WHITSON ENGINEERS

RICHARD P. WEBER P.L.S. L.S. NO. 8002 Job No.: 1906.31





### EXHIBIT "A" LEGAL DESCRIPTION PERMANENT EASEMENT APN 135-131-003-000

Certain real property situate in the County of Monterey, State of California, described as follows:

Being an easement over a portion of the property described in the deed recorded on January 6, 1943 in Book 787 at Page 258, Official Records of said County, more particularly described as follows:

**Beginning** at a point on the northwesterly line of said property, said point of beginning being distant North 41° 00' 00" East, 831.98 feet from the most westerly corner of said property, thence from said point of beginning along the northwesterly line of said property

- 1) North 41° 00' 00" East, 175.00 feet; thence departing said northwesterly line
- South 47° 14' 17" East, 50.02 feet to a point on the southeasterly line of said property; thence along said southeasterly line
- 3) South 41° 00' 00" West, 175.00 feet; thence departing said southeasterly line
- 4) North 47° 14' 17" West, 50.02 feet more or less to the Point of Beginning.

Containing an area of 8,750 square feet, more or less.

Attached hereto is a plat to accompany legal description, and by this reference made a part hereof

#### END OF DESCRIPTION

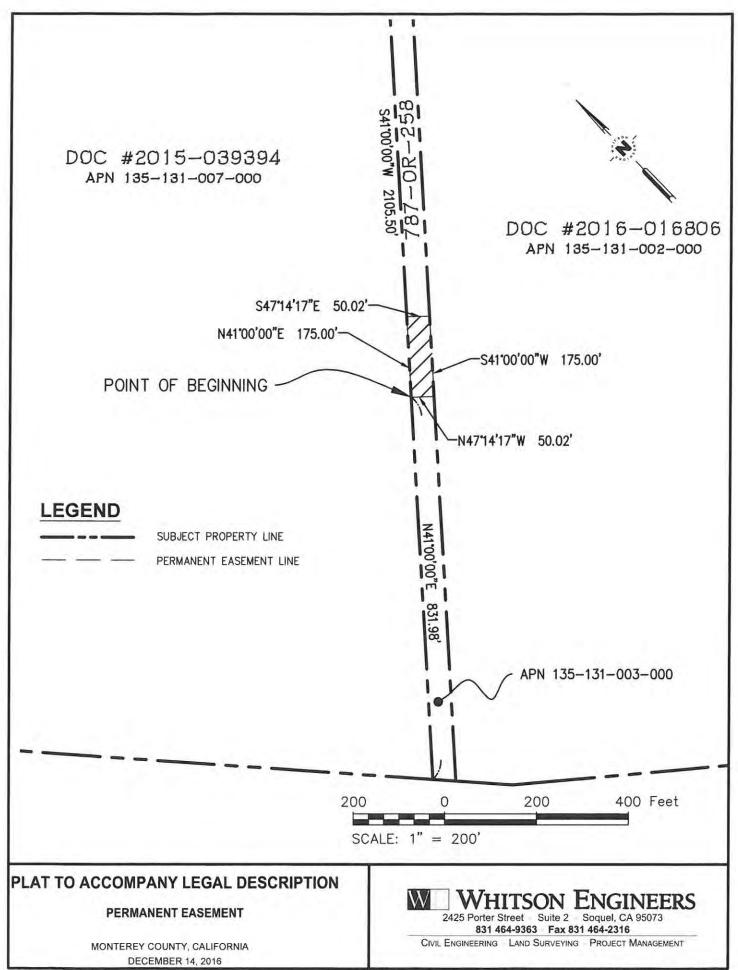
PREPARED BY:

WHITSON ENGINEERS

No. 8002

RICHARD P. WEBER P.L.S. L.S. NO. 8002

Job No.: 1906.31



PROJECT Not906.31

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### EXHIBIT "A" LEGAL DESCRIPTION PERMANENT EASEMENT APN 135-131-007-000

Certain real property situate in the County of Monterey, State of California, described as follows:

Being an easement over a portion of the property described in the deed recorded on July 17, 2015 as Document Number 2015-039394, Official Records of said County, more particularly described as follows:

**Beginning** at a point on the northwesterly line of the property described in the deed recorded on January 6, 1943 in Book 787 at Page 258, Official Records of said County, said point of beginning being distant North 41° 00' 00" East, 831.98 feet from the most westerly corner of said property described in Book 787 at Page 258, thence from said point of beginning along the common boundary of said properties

- 1) North 47° 14' 18" West, 15.05 feet; thence
- 2) South 42° 45' 42" West, 827.58 feet to a point on the westerly boundary of said Document Number 2015-039394; thence along said westerly boundary
- 3) North 41° 35' 258" West 20.10 feet; thence departing said westerly boundary
- 4) North 42° 45' 43" East, 841.09 feet; thence
- 5) North 41° 40' 42" East, 37.45 feet; thence
- 6) North 40° 35' 41" East, 10.34 feet; thence
- 7) North 63° 05' 41" East, 14.44 feet; thence
- 8) North 40° 35' 41" East, 39.91 feet; thence
- South 49° 24' 19" East, 29.04 feet to a point on the common boundary of said properties; thence along said common boundary
- 10) South 41° 00' 00" West, 117.83 feet, more or less, to the point of beginning.

Containing an area of 20,304 square feet, more or less.

Attached hereto is a plat to accompany legal description, and by this reference made a part hereof

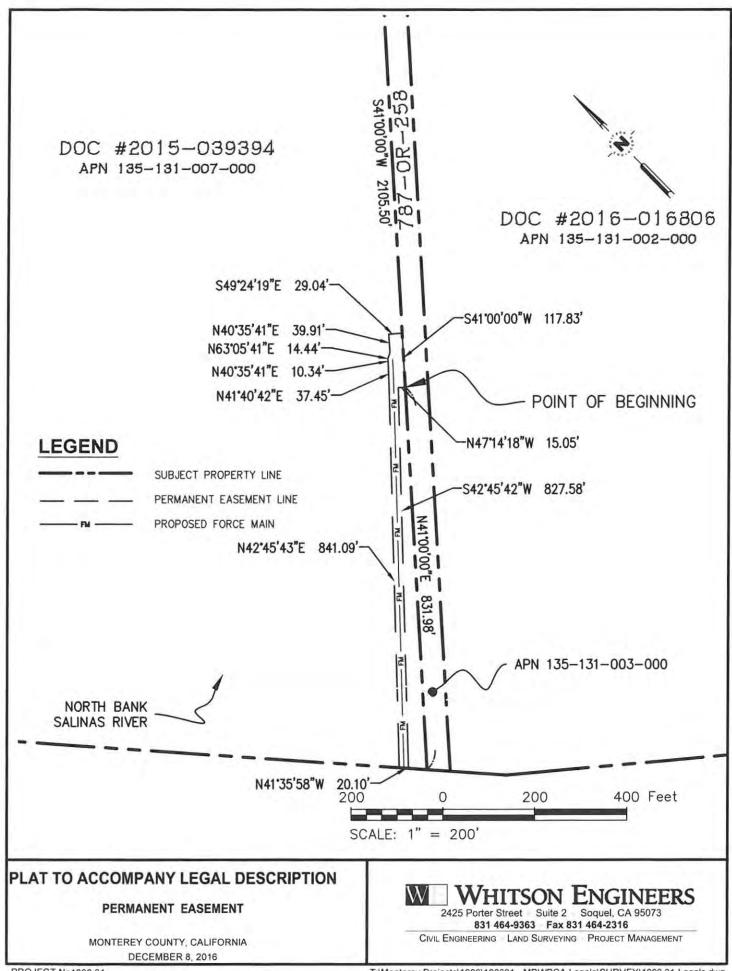
### END OF DESCRIPTION

PREPARED BY: WHITSON ENGINEERS

RICHARD P. WEBER P.L.S. L.S. NO. 8002 Job No.: 1906.31



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PROJECT Not906.31

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### EXHIBIT "A" LEGAL DESCRIPTION TEMPORARY CONSTRUCTION EASEMENT APN 135-131-002-000

Certain real property situate in the County of Monterey, State of California, described as follows:

Being an easement over a portion of the property described in the deed recorded on April 1, 2016 as Document Number 2016-016806, Official Records of said County, more particularly described as follows:

**Beginning** at a point on the southeasterly line of the property described in the deed recorded on January 6, 1943 in Book 787 at Page 258, Official Records of said County, said point of beginning being distant North 41° 00' 00" East, 836.94 feet from the most southerly corner of said property described in Book 787 at Page 258, thence from said point of beginning along the common boundary of said properties

- 1) North 41° 00' 00" East, 236.95 feet; thence departing said common boundary
- 2) South 47° 09' 02" East 14.25 feet; thence
- 3) South 40° 50' 10" West, 236.95 feet; thence
- 4) North 47° 14' 17" West, 14.93 feet, more or less, to the point of beginning.

Containing an area of <del>3,455</del> square feet, more or less. **2540**'

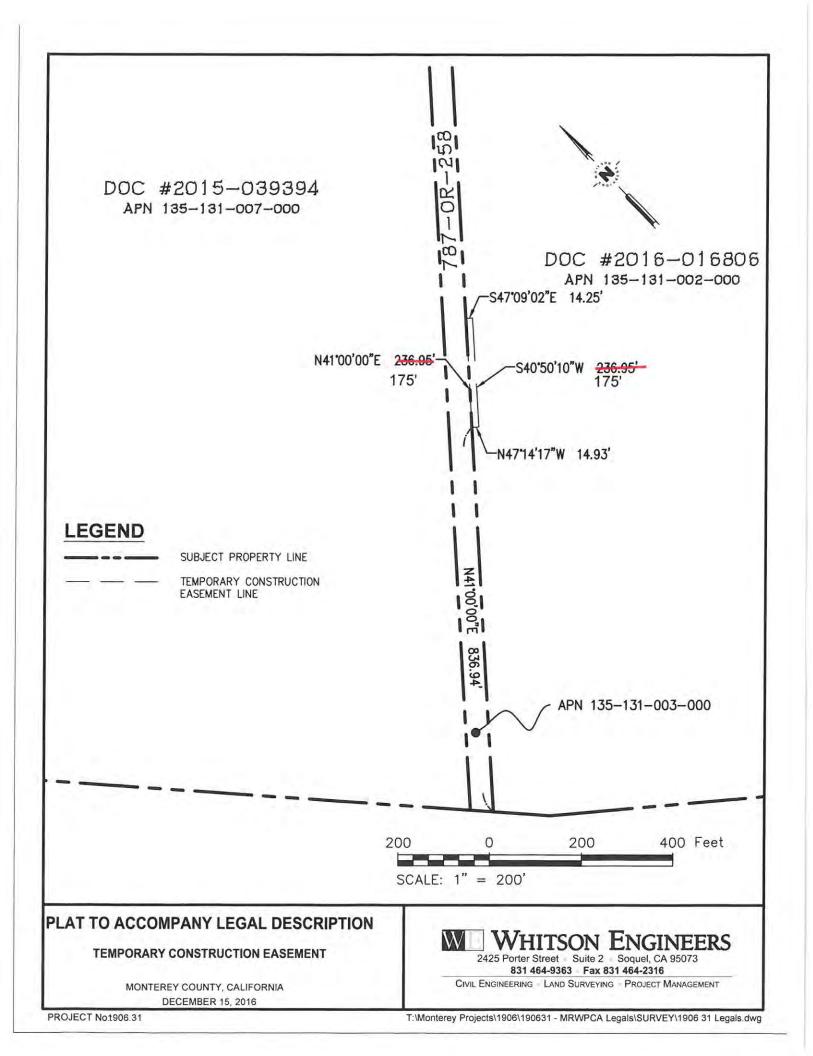
Attached hereto is a plat to accompany legal description, and by this reference made a part hereof

### END OF DESCRIPTION

PREPARED BY: WHITSON ENGINEERS

RICHARD P. WEBER P.L.S. L.S. NO. 8002 Job No.: 1906.31





### EXHIBIT "A" LEGAL DESCRIPTION TEMPORARY CONSTRUCTION EASEMENT APN 135-131-007-000

Certain real property situate in the County of Monterey, State of California, described as follows:

Being an easement over a portion of the property described in the deed recorded on July 17, 2015 as Document Number 2015-039394, Official Records of said County, more particularly described as follows:

**Beginning** at a point on the northwesterly line of the property described in the deed recorded on January 6, 1943 in Book 787 at Page 258, Official Records of said County, said point of beginning being distant North 41° 00' 00" East, 831.98 feet from the most westerly corner of said property described in Book 787 at Page 258, thence from said point of beginning along the common boundary of said properties

- 1) South 42° 45' 43" West, 617.22 feet; thence
- 2) North 30° 09' 24" West, 57.59 feet; thence
- 3) North 42° 45' 43" East, 637.14 feet; thence
- 4) North 47° 14' 17" West, 10.00 feet; thence
- 5) North 42° 45' 43" East, 200.00 feet; thence
- 6) South 47° 14' 17" East, 57.76 feet to a point on the common boundary of said properties; thence along said common boundary
- 7) South 41° 00' 00" West, 236.95 feet, more or less, to the point of beginning.

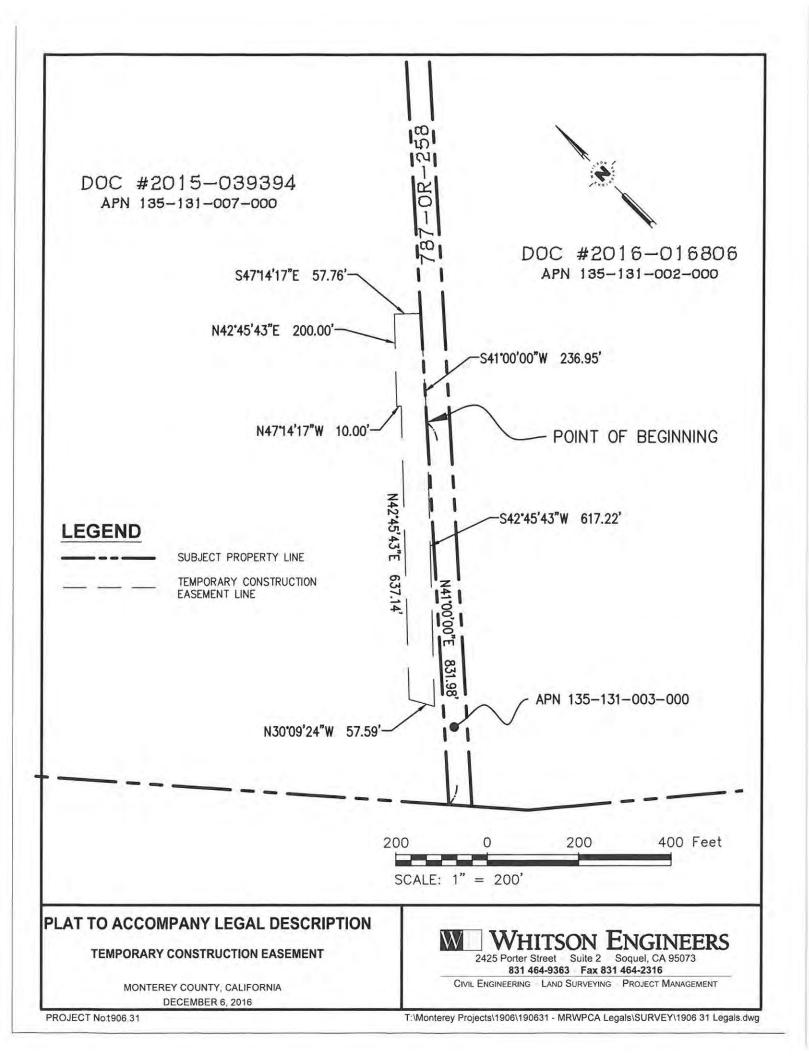
Containing an area of 47,685 square feet, more or less.

Attached hereto is a plat to accompany legal description, and by this reference made a part hereof

### END OF DESCRIPTION

PREPARED BY: WHITSON ENGINEERS CHISED LAND SUP CHISED LAND SUP CHARD P. 440 TO CONTROLOGY No. 8002 THE OF CALLFORNIT

RICHARD P. WEBER P.L.S. L.S. NO. 8002 Job No.: 1906.31



### EXHIBIT "A" LEGAL DESCRIPTION TEMPORARY CONSTRUCTION EASEMENT APN 135-131-003-000

Certain real property situate in the County of Monterey, State of California, described as follows:

Being an easement over a portion of the property described in the deed recorded on January 6, 1943 in Book 787 at Page 258, Official Records of said County, more particularly described as follows:

**Beginning** at a point on the northwesterly line of said property, said point of beginning being distant North 41° 00' 00" East, 831.98 feet from the most westerly corner of said property, thence from said point of beginning along the northwesterly line of said property

- 1) North 41° 00' 00" East, 236.95 feet; thence departing said northwesterly line
- 2) South 47° 14' 17" East, 50.02 feet to a point on the southeasterly line of said property; thence along said southeasterly line
- 3) South 41° 00' 00" West, 236.95 feet; thence departing said southeasterly line
- 4) North 47° 14' 17" West, 50.02 feet more or less to the Point of Beginning.

Containing an area of 11,848 square feet, more or less.

Attached hereto is a plat to accompany legal description, and by this reference made a part hereof

### END OF DESCRIPTION

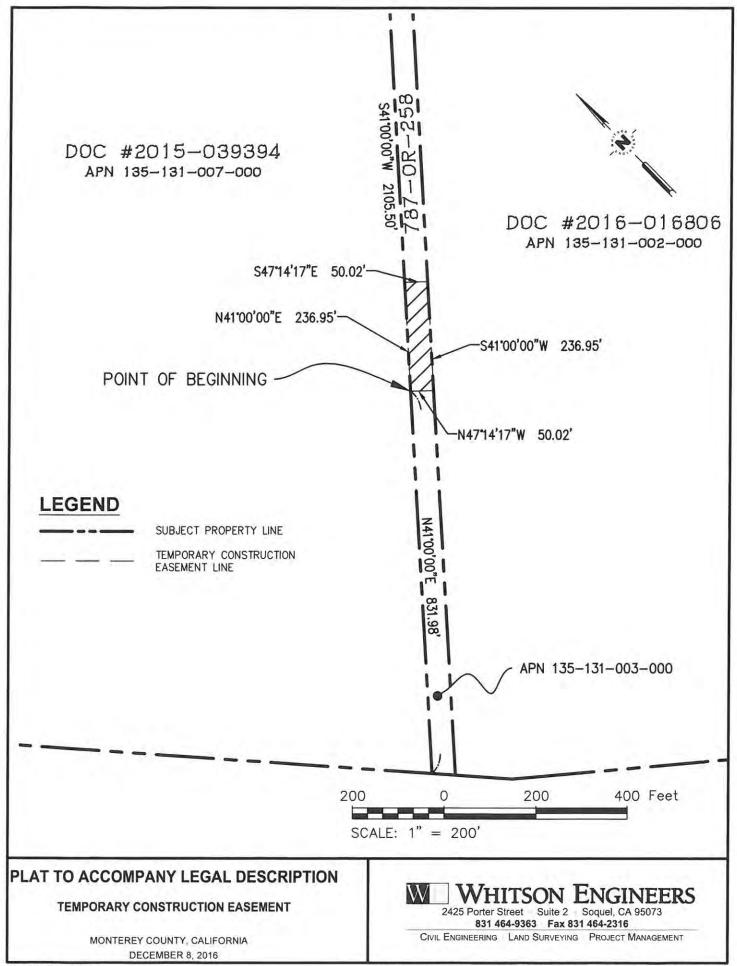
PREPARED BY:

WHITSON ENGINEERS

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RICHARD P. WEBER P.L.S. L.S. NO. 8002

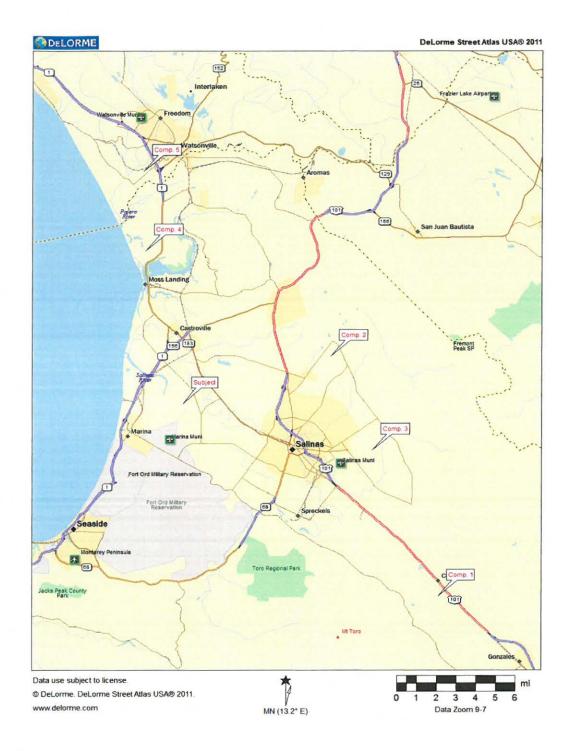
Job No.: 1906.31



PROJECT No.1906.31

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### COMPARABLE SALES LOCATION MAP





### R. ANTHONY BRIGANTINO, MAI

### APPRAISAL SPECIALTY

Appraising complex agricultural, commercial, industrial, and transitional properties in Monterey, Santa Cruz, San Benito, and southern Santa Clara Counties since 1984.

Some specific assignments include farmland, large farm and ranch tracts, conservation easements, vineyards, wineries, greenhouses, food processing, and cold storage. Commercial properties such as vacant land, retail, office, medical, apartments, residential care facilities, municipal properties, and industrial warehouses. Existing and proposed improvements, current, historical, and future dates of value. Purposes such as financing, litigation, eminent domain and partial acquisition, tax planning, purchase, IRS and general market analysis.

Appraisal reports are prepared under the guidelines of the Uniform Standards of Professional Appraisal Practice, or the Uniform Standards for Federal Land Transactions and the Ethics and Standards of the Appraisal Institute.

### PROFESSIONAL AFFILIATIONS AND LICENSES

MAI Member 09840, Appraisal Institute. (continuing education program - current)

Certified General Real Estate Appraiser, State of California, Appraiser Number AG006530, Expires 4/29/2017.

Licensed Real Estate Broker, State of California, expires 1/28/2020.

Valuation of Conservation Easements Program, Certificate of Completion, May 23, 2008

Candidate - American Society of Farm Managers and Rural Appraisers.

Member - International Right of Way Association.

Director - Northern California Chapter of the Appraisal Institute, 2000-2003.

Member - Appraisal Institute, Region I Panel, Ethics Administration Division.

President - Monterey Bay Chapter of the Appraisal Institute, 1998.

Director - Monterey Bay Chapter of the Appraisal Institute, 1994 - 1997.

Member - Christians In Commerce

### APPRAISAL EXPERIENCE

| Expert Witness | s Qualified as an expert witness in Monterey, Santa Cruz, Santa Clara, and San Luis Obispo Counties Superior Courts. |
|----------------|--|
| 4/95 - Present | President/CEO - Brigantino & Company, Salinas, CA  |
| 11/91 - 4/95   | Senior Appraiser, Pacific Coast Farm Credit, Salinas, CA   |
| 06/86 - 10/91  | Associate Appraiser, Piini Realty, John W. Piini, MAI, Salinas, CA   |
| 01/84 - 05/86  | Appraiser/Loan Officer, Federal Land Bank Association, Salinas, CA   |
| EDUCATION      |  |
| 1983           | Bachelor of Science Degree in Agriculture Business,<br>California State University, Fresno, CA                       |

### (R. Anthony Brigantino cont.)

### APPRAISAL INSTITUTE COURSES

| ALTIVIOAL    |   |
|--------------|---|
| 2013<br>2013 | 4 Hours California Land Conservation Conference – Appraisers Forum.<br>7 Hours USPAP Update |
| 2013         | Federal and California Statutory and Regulatory Law   |
| 2012         | 7 Hours Fall Conference, San Francisco.   |
| 2011         | 7 Hours USPAP Update  |
| 2010         | 6 Hours Fall Conference, San Francisco.   |
| 2010<br>2010 | 15 Hours The Appraiser as an Expert Witness.<br>7.5 IRS Valuation Summit.                   |
| 2009         | 7 Hours Fall Conference, San Francisco.   |
| 2009         | 5 Hours Business Practices and Ethics.  |
| 2009         | 4 Hours Real Estate Appraisal Operations.   |
| 2008         | 31 Hours Valuation of Conservation Easements Certification.                                 |
| 2006         | 7 Hours USPAP Update  |
| 2003         | 7 Hours USPAP Update – Standards I and II   |
| 2003         | 8 Hours Business Practices and Ethics   |
| 2003         | 7 Scope of Work: Expanding Your Range   |
| 2002         | 7 Hours Vineyard Valuation III  |
| 2002         | 2 Hours Undivided Interest Valuation  |
| 2001         | 6 Hours - Fall Conference   |
| 2000         | 6 Hours - Fall Conference   |
| 2000         | 12 Hours – Valuation 2000 (Partial Interests, Mock Trial, Feng Shui)                        |
| 2000<br>1999 | 4 Hours - Misc. Offerings<br>8 Hours - Misc. Offerings                                      |
| 1999         | 14 Hours - Attacking and Defending an Appraisal in Litigation                               |
| 1999         | 6 Hours - Fall Conference   |
| 1999         | 7 Hours - USPAP Update  |
| 1998         | 4 Hours - The Technical Inspection of Commercial/Industrial Real Estate.                    |
| 1998         | 4 Hours - Business Value in the World of Real Estate Appraisal.                             |
| 1998         | 4 Hours - Operating Expense Information.  |
| 1998         | 4 Hours - Valuation Considerations Regarding a Partial Acquisition.                         |
| 1998         | 6 Hours - Misc. Offerings.  |
| 1997         | 7 Hours - Internet and Appraising   |
| 1997         | 8 Hours - Misc. Offerings   |
| 1996         | 6 Hours - Misc. Offerings   |
| 1995<br>1994 | 8 Hours - Eminent Domain  |
| 1994         | 25 Hours - Standards of Professional Practice, Parts A & B                                  |
| AMERICAN     | SOCIETY OF FARM MANAGERS AND  |

# AMERICAN SOCIETY OF FARM MANAGERS AND RURAL APPRAISERS COURSES:

- 2014 2000 2000 7 Hours USPAP Update
- 16 Hours Appraising Conservation Easements Spring Ag. Outlook Forum Spring Ag. Outlook Forum Spring Ag. Outlook Forum 16 Hours Permanent Plantings Appraisal 40 Hours Advanced Rural Appraisal 8 Hours Principles of Pural Appraisal
- 1998
- 1997
- 1996
- 1993
- 1992 8 Hours - Principles of Rural Appraisal

### INTERNATIONAL RIGHT OF WAY ASSOCIATION COURSES:

- 2011 7 Hours – Corridor Valuation
- 2001
- 40 Hours Course 401, The Appraisal of Partial Acquisitions 16 Hours Eminent Domain Law Basics for Right of Way Professionals 1998

### PUBLIC SPEAKING/MISCELLANEOUS:

2001 & 2002 Attendee – Appraisal Institute, Leadership Development Advisory Council, Wash. D.C. - Congressional Visits, Meeting with Congressman Sam Farr. Panel Speaker, Monterey County Economic Forecast, hosted by Steven 1999

- Nukes & Associates, Management Strategy and Economic Consultants. 1998 & 2000 Conference Panel Speaker American Society of Farm Managers and Rural Appraisers; Spring Ag. Outlook Forum. (Quoted by the Associated Press)
- Panel Discussion Monterey Bay Chapter of the Appraisal Institute 1998

### AN APPRAISAL REPORT OF:

A Hypothetical Permanent Diversion Facility Easement, Permanent Pipeline Easement, Right-of-Ways, and Temporary Construction Easements Located west of Nashua Road to the Salinas River, Salinas, Monterey County, CA

### **REQUESTED BY:**

Ms. Yohana Vargas Contracts Administrator Monterey Regional Water Pollution Control Agency 5 Harris Court, Building D Monterey, CA 93940

### APPRAISAL AS OF:

December 15, 2016

### APPRAISED BY:

R. Anthony Brigantino, MAI

### **BRIGANTINO & COMPANY**

18921 Portola Dr., Suite F Salinas, California 93908 Telephone: (831) 455-1070 Email: tony@brigco.com

16109B



February 2, 2017

Ms. Yohana Vargas Contracts Administrator Monterey Regional Water Pollution Control Agency 5 Harris Court, Building D Monterey, CA 93940

Dear Ms. Vargas:

In response to your request, I have prepared an appraisal report of the proposed permanent easements, right-of-ways, and temporary construction easements, located west of Nashua Road to the Salinas River, Salinas, Monterey County, California. The property is more specifically identified in the following appraisal report. I personally viewed the property on December 15, 2016. The appraisal report that follows is made for the purpose of estimating the current market values of the hypothetical subject easements. The easements have been designed and drafted; however, they have not yet been legally created. Therefore, they are hypothetical.

This letter is not a complete appraisal report. The complete appraisal report accompanies this letter. The report describes the approaches to value and the conclusions derived by application of the approaches.

Based on the observation of the property, and investigations and analyses performed, it is my opinion that as of December 15, 2016, and subject to the assumptions and limiting conditions set forth in the following report, the market values of the hypothetical subject easements are:

| Parcel APN         | Owner              | Туре                | Land Area SF |          | Easement<br>Value/SF | Easement<br>Value |
|--------------------|--------------------|---------------------|--------------|----------|----------------------|-------------------|
| 135-131-005 & -007 | Yuki Farms LP      | Right of Way        | 29,278       | \$19,375 | \$0.44               | \$13,023          |
| 135-131-005 & -007 | Yuki Farms LP      | Perm. Easement (FM) | 20,304       | \$19,375 | \$0.44               | \$9,031           |
| 135-131-005 & -007 | Yuki Farms LP      | Temp. Const. Ease.  | 47,685       | \$6,400  | \$0.15               | \$7,006           |
| 135-131-003        | MCWRA              | Perm. Easement      | 8,750        | \$18,000 | \$0.41               | \$3,616           |
| 135-131-003        | MCWRA              | Temp. Const. Ease.  | 11,848       | \$1,600  | \$0.04               | \$435             |
| 135-131-002        | Blanco Fields, LLC | Perm. Easement      | 638          | \$18,000 | \$0.41               | \$264             |
| 135-131-002        | Blanco Fields, LLC | Temp. Const. Ease.  | 2,540        | \$6,400  | \$0.15               | \$373             |

The following appraisal report contains the identification of the property, assumptions and limiting conditions, pertinent facts about the area and the subject property, comparable data, the result of the investigations and analyses, and the reasoning leading to the conclusions. This appraisal is based on the extraordinary assumptions listed under Item 11 of the Assumptions and Limiting Conditions outlined in the attached appraisal report.

Respectfully Submitted,

R. Anthony Brigantino, MAI State Certified General License No. AG006530

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### SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

| DATE OF VALUE:             | December 15, 2016   |
|----------------------------|---|
| DATE OF VIEWING:           | December 15, 2016   |
| DATE OF REPORT:            | February 2, 2017  |
| EASEMENT LOCATION:         | The easements will be located west of Nashua<br>Road to the Salinas River, approximately four<br>miles west of Salinas, Monterey County, CA |
| BUILDING IMPROVEMENTS:     | Not applicable  |
| PROPERTY RIGHTS APPRAISED: | Easement Value  |
| OWNERSHIP:                 | Please see the Ownership History section of this report.  |

### **ESTIMATED MARKET VALUES:**

| Parcel APN         | Owner              | Туре                | Land Area SF | 100 F 10 | Easement<br>Value/SF | Easement<br>Value |
|--------------------|--------------------|---------------------|--------------|--|----------------------|-------------------|
| 135-131-005 & -007 | Yuki Farms LP      | Right of Way        | 29,278       | \$19,375                               | \$0.44               | \$13,023          |
| 135-131-005 & -007 | Yuki Farms LP      | Perm. Easement (FM) | 20,304       | \$19,375                               | \$0.44               | \$9,031           |
| 135-131-005 & -007 | Yuki Farms LP      | Temp. Const. Ease.  | 47,685       | \$6,400                                | \$0.15               | \$7,006           |
| 135-131-003        | MCWRA              | Perm. Easement      | 8,750        | \$18,000                               | \$0.41               | \$3,616           |
| 135-131-003        | MCWRA              | Temp. Const. Ease.  | 11,848       | \$1,600                                | \$0.04               | \$435             |
| 135-131-002        | Blanco Fields, LLC | Perm. Easement      | 638          | \$18,000                               | \$0.41               | \$264             |
| 135-131-002        | Blanco Fields, LLC | Temp. Const. Ease.  | 2,540        | \$6,400                                | \$0.15               | \$373             |

EXTRAORDINARY ASSUMPTIONS:

Please see item 11 of assumptions and limiting conditions.

### PROPERTY IDENTIFICATION AND LOCATION

The subject properties involve the hypothetical permanent easements, right-of-ways, and temporary construction easements summarized in the following table. These properties are located west of Nashua Road to the Salinas River, approximately four miles west of Salinas, Monterey County, California. The easements will be used to construct and access the Blanco Drain Diversion Facility.

| Parcel APN         | Owner              | Туре                | Land Area SF |
|--------------------|--------------------|---------------------|--------------|
| 135-131-005 & -007 | Yuki Farms LP      | Right of Way        | 29,278       |
| 135-131-005 & -007 | Yuki Farms LP      | Perm. Easement (FM) | 20,304       |
| 135-131-005 & -007 | Yuki Farms LP      | Temp. Const. Ease.  | 47,685       |
| 135-131-003        | MCWRA              | Perm. Easement      | 8,750        |
| 135-131-003        | MCWRA              | Temp. Const. Ease.  | 11,848       |
| 135-131-002        | Blanco Fields, LLC | Perm. Easement      | 638          |
| 135-131-002        | Blanco Fields, LLC | Temp. Const. Ease.  | 2,540        |

### LEGAL DESCRIPTION

A legal description of the subject property was not made available to the appraiser. The aerial photograph included in this report was relied upon for identification of the subject property. This appraisal assumes the aerial photograph accurately describes the subject property. The appraised values of the property could be significantly different if the boundary lines of the property are significantly different than indicated by the aerial photograph.

### PROPERTY RIGHTS APPRAISED

This appraisal is an estimate of easement value, which is not an ownership right, but a right to use property. This appraisal is exclusive of any encumbrances, liens, or additional restrictions on ownership.

### PURPOSE AND FUNCTION

| Client:        | Monterey Regional Water Pollution Control Agency |
|----------------|--|
| Intended User: | Monterey Regional Water Pollution Control Agency |
| Intended Use:  | To assist with the purchase of the easements     |

This appraisal is made at the request of Ms. Yohana Vargas, Monterey Regional Water Pollution Control Agency. The purpose of the appraisal is to estimate the current market values of the hypothetical subject easements. This report is intended for use by the client only, to assist with the purchase of the easements. No other parties are

authorized to rely upon this report without the express written consent of the appraiser. This appraisal report does not guarantee that the property is free of defects. Use of this report by others, or for other uses not identified above, is not intended by the appraiser.

### DATE OF VALUATION

The date of valuation is December 15, 2016, the date of observation of the subject property.

### OWNERSHIP HISTORY

The subject property encompasses hypothetical portions of assessor's parcel numbers 135-131-002, 135-131-003, 135-131-005, and 135-131-007. According to the client, title to assessor's parcel number 135-131-003 is currently held in the name of Monterey County Water Resources Agency. According to the assessor's data sheets, title to assessor's parcel number 135-131-002 is currently held in the name of Blanco Fields, and title to assessor's parcel numbers 135-131-005 and 135-131-007 is currently held in the name of Yuki Farms Limited Partnership.

Title to these assessor's parcel numbers has remained relatively unchanged and they have not been formally listed for sale during the past three years.

### SCOPE OF THE APPRAISAL

This is an appraisal report prepared in conformance with the Code of Ethics of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice (USPAP). Unless otherwise stated, this appraisal assignment is within the appraiser's area of professional expertise and competency.

Property Identification: The subject properties are hypothetical and are identified on the Whitson Engineers Draft Drawings included in the addendum. The easements will be used to construct and access the Blanco Drain Diversion Facility.

*Property Observation:* An on-site observation of the subject property was performed by the appraiser on December 15, 2016.

Type and Extent of Data Researched: A number of investigations and analyses were made during the process of performing this appraisal. The market area description is based on an independent inspection, and survey of the city, county, and immediate neighborhood of the subject property. The statistical and demographic data included is based on the Monterey County General Plan and the United States Census.

Comparable market data will be obtained through local Multiple Listing Services, County Assessor's Office records, and interviews with local real estate brokers, developers, property managers, and general contractors. Unless otherwise noted, all of the market data will be confirmed with buyer, seller, and/or listing broker.

Applied Analyses: The Cost, Direct Sales Comparison, and Income approaches were considered by the appraiser. All approaches necessary to produce a credible appraisal have been performed by the appraiser.

### ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal was completed with the following assumptions and limiting conditions:

- 1. The information provided by others is assumed to be accurate and reliable. Maps, plats and exhibits are to assist the reader in visualizing the property and are not for legal reference, or represented as an engineer's work product.
- 2. It is assumed all applicable zoning, use regulations, and restrictions have been met unless a nonconformity is stated, defined, and considered in the report.
- 3. Title to the subject is assumed to be marketable and free and clear of all liens, encumbrances or defects of title. The property is assumed to be under responsible ownership and competent management, and available for its highest and best use.
- 4. This report is prepared for use by the client/agent for the purpose and function specified in the report, in accordance with the appraisal service agreement. It is the intent of the appraiser that this report meets the standards of, and complies with the Uniform Standards of Professional Appraisal Practice. This report is subject to review by duly appointed authorities of professional appraisal organizations, which the appraiser is a member of.
- 5. The appraiser is not required to give testimony or to appear in court as a result of appraising the subject property, unless arrangements have been made previously. Any additional time requested of the appraiser, or Brigantino & Company, will be billed at a market rate to be determined at the time those services are provided.
- 6. The value, if any, in growing crops and other non-itemized personal property, not specifically addressed, is not included in the final value estimates.
- 7. A Phase I environmental study was not available for review. The appraiser is not qualified to detect hazardous substances whether by visual inspection or otherwise, nor qualified to determine the effect, if any, of known or unknown substances present. Unless otherwise stated, the final value estimates are based on the subject property being free of hazardous waste contamination, and the final estimates are subject to any cost of clean up and/or stigma resulting from possible contamination.
- 8. The appraiser assumes no responsibility for legal matters, specialized investigation or knowledge beyond that typically used by real estate appraisers.
- **9.** The appraiser reserves the right to change or alter the appraisal report and stated value, if new facts are received that, in his opinion, warrant a change.

10. The boundary lines, acreage, and square footage estimates provided in this report are approximate. No guarantee is given regarding the accuracy of these estimates. A qualified surveyor or engineer should be enlisted for more accurate estimates.

### 11. Summary of Extraordinary Assumptions and Hypothetical Conditions:

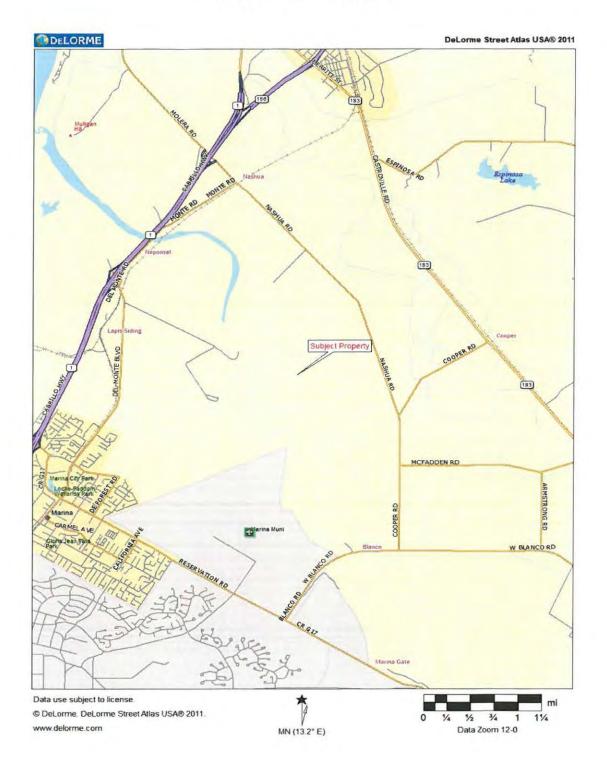
**Extraordinary Assumption:** An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2012-2013 ed.)

- The subject properties are hypothetical and are identified on the Whitson Engineers Draft Drawings included in the addendum. The appraised value of the property could be significantly different, if the boundary lines of the property are significantly different than indicated by these draft drawings.
- This appraisal did not consider severance damages or benefits to the remainder properties.

**Hypothetical Condition:** A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of the data used in an analysis. (USPAP, 2012-2013 ed.)

 The subject easements and right of ways do not currently exist. It is reasonable to assume that it is possible for the easements to be created. This appraisal is of the hypothetical easements that do not currently exist, but which this appraisal assumes to exist.

### SUBJECT LOCATION MAP



### MARKET AREA DESCRIPTION AND ANALYSIS

Physical Characteristics:

The market area encompasses the Salinas and Pajaro Valleys, stretching from Watsonville, south to King City. The Salinas Valley runs in a northwest direction, is surrounded on three sides by coastal foothills, terraces and mountains, and is open to the Monterey Bay on the northwest end.

The main transportation route in the market area is Highway 101, which runs through the center of the Salinas Valley. Highway 101 is the major link from the Salinas Valley to the U.S. Interstate Highway System. Scenic Highway 1 also runs through the northern end of the Salinas Valley, and connects with the Pajaro Valley at Watsonville to the north.

The market area has warm summers and mild winters. The mean annual air temperature is 65 degrees Fahrenheit. Rainfall is normally ten to 15 inches per year and generally occurs between November and April. This allows two or three vegetable crops to be grown in one growing season, with two crops per year being the county average. The frost-free period is about 250 days. Snowfall is extremely rare in the valley regions of the market area.

The most predominant irrigated farmland profiles range from gently sloping upland ranches with coarse textured decomposed granite type soils, to nearly level ranches on the valley floor containing heavy clay, to ranches bordering the Salinas or Pajaro Rivers that have light textured soils and potential risk of flood. The outer perimeters of the valley consist of sloping terrain, which takes advantage of the natural airflow reducing the risk of frost. Vineyards and citrus are generally developed on the sloping farm and pastureland along the eastern and western perimeters of the Salinas Valley, taking advantage of the reduced frost risk.

**Economic Considerations:** 

Fresh market vegetable and wine grape production is the economic base of the market area. The main crops grown are lettuce, broccoli, cauliflower, celery, asparagus, and wine grapes. Although marginal farming areas have been under increasing residential pressure, the subject market area has changed very little over the past 15 years.

The agricultural real estate market is currently in an increasing trend. Current annual rents in the market area range from about \$500 to \$3,300 per acre. Farmland prices currently range from about \$10,000 to \$70,000+ per acre. The differential in value is based on characteristic differences such as location, access, climate, soil,

water, size, and shape. Level land with clay type soil and cool climates brings the highest rents and highest prices. The cool climate and clay type soils are necessary to achieve low temperatures required for growing summer vegetables. Upland parcels, those with high sand content in the soil and rolling topography, reflect values at the lower end of the range and are generally utilized for vineyards.

#### Water Issues:

Water for all uses in the market area is obtained almost entirely from deep wells, which pump from ground water aquifers. The pumping depths range from 50 feet, on the valley floor, to 200+ feet, in the foothill areas. The crop demand ranges from about 0.75-acre feet per acre for vineyard drip irrigation, to 2.00-acre feet per crop acre for some vegetable crops on sandy soils. Costs run from approximately \$75 to \$200 per crop acre. The constant demand from domestic, commercial, industrial, and agricultural uses has caused an overdraft on the underground water supply near the coast.

The overdraft is caused by pumping more fresh water from the underground sources than is replenished to the aquifers through rain, water runoff, or controlled water outlet from the San Antonio and Nacimiento Reservoirs, and the Pajaro River. This has led to a reduction in ground water levels and pumping depths near Castroville, Salinas, and Watsonville. The continual overdrafting demand has resulted in salt-water intrusion into the underground basin along the coast.

The Castroville Seawater Intrusion Program is in place to handle the seawater intrusion problem. The main components of the program are the Castroville Irrigation System pipeline and the Wastewater Reclamation System. The irrigation system pipeline is a distribution system to supply irrigation water to seawater intruded and threatened areas in the vicinity of Castroville. The Wastewater Reclamation System is designed to reclaim and treat wastewater to be supplemented into the pipeline system. In addition, a rubber dam and diversion facility were recently installed on the Salinas River, near Marina.

#### Governmental and Social Considerations:

The main purpose of the current zoning laws is to preserve the prime agricultural land in the market area. These zoning laws are not likely to change in the near future.

The vegetable and wine industries are free from any government crop subsidies or limitations. The industries operate in a free, competitive, open market and export products throughout the world. Commodity prices for crops are influenced more by supply and demand factors and weather conditions than by government regulations.

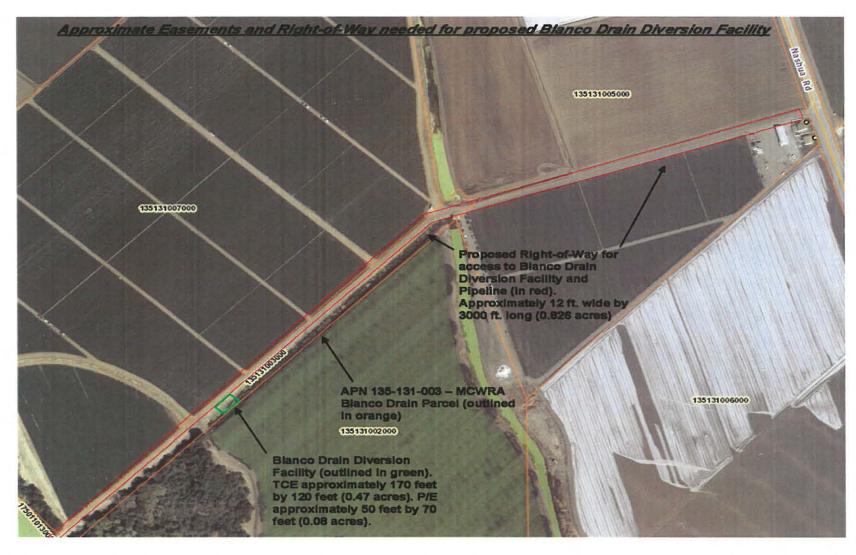
Agriculture plays a dominant role in the market area. Salaries paid to agricultural workers in the market area comprise about one fourth of all salaries paid, which is a larger share than in any other single industry.

Market Trends:

The agricultural real estate market is currently in an increasing trend. Recent sales indicate increasing prices, increasing rents, and a yet to be determined trend in capitalization rates. The number of farmland transactions has increased significantly over the past 18 months.

There have been several recent sales in the Salinas and Watsonville areas that indicate strong demand and increasing prices.

### **AERIAL PHOTOGRAPH**



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### SUBJECT PROPERTY DESCRIPTION

### Easement Description:

The subject properties are summarized in the following table. These properties are located west of Nashua Road to the Salinas River, approximately four miles west of Salinas, in Monterey County.

| Parcel APN         | Owner              | Туре                | Land Area SF |
|--------------------|--------------------|---------------------|--------------|
| 135-131-005 & -007 | Yuki Farms LP      | Right of Way        | 29,278       |
| 135-131-005 & -007 | Yuki Farms LP      | Perm. Easement (FM) | 20,304       |
| 135-131-005 & -007 | Yuki Farms LP      | Temp. Const. Ease.  | 47,685       |
| 135-131-003        | MCWRA              | Perm. Easement      | 8,750        |
| 135-131-003        | MCWRA              | Temp. Const. Ease.  | 11,848       |
| 135-131-002        | Blanco Fields, LLC | Perm. Easement      | 638          |
| 135-131-002        | Blanco Fields, LLC | Temp. Const. Ease.  | 2,540        |

### Soil:

The soils on the hypothetical subject property primarily consist of clay loam and silt loam type soils that are normal for the area. These soils typically have slopes that range from zero to two percent.

### Utilities:

Parcels near the subject are currently served with electricity and telephone services. There are no municipal sewer nor water services developed to the immediate area. The location of the nearest source for natural gas is unknown.

### Environmental Concerns:

### Flood Hazard:

According to the National Flood Insurance Program, Flood Insurance Rate Maps, Community Panel Number 06053C0205G, dated April 2, 2009 for Monterey County, the subject is located within floodway areas in zone AE. Floodway areas in zone AE indicate the channel of a stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without substantial increases in flood heights.

### Earthquake Hazard:

The subject property is located in a seismically active area. The most significant seismic activity in the area occurred in October of 1989, when a large earthquake measuring 7.1 on the Richter scale rocked the central coast of California. The quake

was centered in the Santa Cruz Mountains, approximately 40 miles north of the subject property. Heavy property damage occurred in Santa Cruz, Watsonville, and Hollister as a result of the quake. Salinas and the Monterey Peninsula sustained only moderate damage.

### Hazardous Materials:

A Phase I environmental study was not available for review. The appraiser is not qualified to detect hazardous substances whether by visual inspection or otherwise, nor qualified to determine the effect, if any, of known or unknown substances present. Unless otherwise stated, the final value estimates are based on the subject property being free of hazardous waste contamination, and the final estimates are subject to any cost of clean up and/or stigma resulting from possible contamination.

### Zoning/Land Use Controls:

The hypothetical subject property encompasses portions of assessor's parcel numbers 135-131-002, 135-131-003, 135-131-005, and 135-131-007, all of which are located within the unincorporated area of Monterey County. According to the Monterey County Planning Department, these assessor's parcel numbers are primarily zoned F/40 – Farmlands-40 acre minimum, with a small portion zoned PG/40-D-S – Permanent Grazing-40 acre minimum-Design Control and Site Plan Review combining districts. In addition, they are designated Farmlands-40 acre minimum on the general plan.

The purpose of the Farmlands district is to preserve and enhance the use of the prime, productive and unique farmlands in the County of Monterey while also providing opportunity to establish necessary support facilities for those agricultural uses.

The purpose of the Permanent Grazing district is to preserve, protect, and enhance those productive exclusive grazing lands in the County of Monterey.

The purpose of the Design Control district is to provide for the regulation of the location, size, configuration, materials, and colors of structures and fences, except agricultural fences, in those areas of the County of Monterey where the design review of structures is appropriate to assure protection of the public viewshed, neighborhood character, and to assure the visual integrity of certain developments without imposing undue restrictions on private property.

The purpose of the Site Plan Review district is to provide regulations for review of development in those areas of the County of Monterey where development, by reason of its location has the potential to adversely affect or be adversely affected by natural resources or site constraints without imposing undue restrictions on private property.

### HIGHEST AND BEST USE ANALYSIS

<u>Highest and Best Use:</u> "The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."

<u>Highest and Best Use - As If Vacant:</u> "Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements."<sup>2</sup>

<u>Highest and Best Use - As Improved:</u> "The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one."<sup>3</sup>

#### As If Vacant (APNs 135-131-002, -005, and -007):

The highest and best use of the subject property, as if vacant, is for irrigated row crop farming. The relatively large size of the subject would allow for a variety of land uses; however, county land use policies restrict use of the property primarily to agricultural use. It is unlikely that land use policies could be changed in the near future.

Of the agricultural uses that are legally permitted, vegetable and strawberry production are maximally productive. The subject property is situated in the established Blanco farming district. The subject is prime in terms of soil, water, topography, and climate.

The agricultural real estate market is currently in an increasing trend. Recent sales indicate increasing prices, increasing rents, and a yet to be determined trend in capitalization rates. The number of farmland transactions has increased significantly over the past 18 months. There have been several recent sales in the Salinas and Watsonville areas that indicate strong demand and increasing prices.

 <sup>&</sup>lt;sup>1</sup>Appraisal Institute, <u>The Dictionary of Real Estate Appraisal</u>, Fifth Edition, Chicago: Appraisal Institute, 2010, page 93.
 <sup>2</sup>Appraisal Institute, <u>The Dictionary of Real Estate Appraisal</u>, Fifth Edition, Chicago: Appraisal Institute, 2010, page 93.
 <sup>3</sup>Appraisal Institute, <u>The Dictionary of Real Estate Appraisal</u>, Fifth Edition, Chicago: Appraisal Institute, 2010, page 94.

## As If Vacant (APN 135-131-003):

The highest and best use of this parcel is for the continued use as a drainage ditch. This parcel encompasses the existing MCWRA drainage ditch. The physical characteristics of the property are very limited due to the narrow elongated shape, the limited accessibility, and by its engineered nature to transport drain water. There are no other alternative uses of the ditch that would bring a higher value than for water drainage.

While there are many drainage ditches throughout this neighborhood, most of them are situated on private property and as part of a farm parcel. While farmland, including drainage ditches are often bought and sold in the market, drainage ditches, as individual parcels, are very rare and no arm's length sales were found. Drainage ditches on farmland are normally considered useful, but are not given the full value one would pay for farmland. In fact, most times they are considered waste area and not given any value contribution by buyers and sellers.

## As Improved:

Not applicable.

# EXPOSURE TIME

"1) The time a property remains on the market. 2) The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market."<sup>4</sup>

USPAP Standard rule 1-2(c)(iv) requires an opinion of exposure time, when the purpose of the appraisal is to estimate market value. An estimated exposure time for the subject is ten months assuming competitive pricing and prudent marketing efforts.

## **METHODS OF VALUATION**

In estimating the market value of the subject, the cost, direct sales comparison, and income capitalization approaches to value were considered. Of the three approaches, the direct sales comparison and income approaches give the best indication of value. The two approaches are analyzed and explained in the following pages.

The cost approach is not used because there are no buildings on the property.

<sup>4</sup>Appraisal Institute, <u>The Dictionary of Real Estate Appraisal</u>, Fifth Edition, Chicago: Appraisal Institute, 2010, page 73.

## SALES COMPARISON APPROACH

The direct sales comparison approach is "the process of deriving a value indication for the subject property by comparing market information for similar properties with the property being appraised, identifying and making qualitative comparisons with or quantitative adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison."<sup>5</sup>

The sales comparison approach involves a direct comparison between properties that have sold and the subject property. In order to make equal comparisons between the sales and the subject property, all the sales are reduced to a price per usable acre as the unit of comparison. The usable acreage is calculated by taking the gross land area and subtracting any waste area. Usable area includes farm roads, farmstead, equipment yards, irrigation reservoir, etc. This method of comparison is the most widely used and understood in the local market.

In estimating the market value of the subject property, a search was conducted for recent irrigated farmland sales in the market area. As a result of the investigation, several sales were investigated, of which the following sales are considered the most comparable and indicative of value for the subject.

All of the sales are fee simple interest or leased fee estate sales, with normal financing terms for the area. The elements of comparison considered most by buyers of irrigated farmland are market conditions (time), location, access, land profile, development potential, water, and size. In comparing the comparable sales to the subject, not all elements of comparison required adjustment. Those elements that require adjustment are discussed in more detail in the following paragraphs.

#### Elements of Comparison:

#### Market Conditions (Time):

The agricultural farmland market has been on an increasing trend over the past few years. Sale prices and rents have increased significantly. Upward time adjustments may be warranted.

#### Location/Access:

The location adjustment accounts for different locational characteristics such as distance to main transportation routes and commercial centers, access roads, elevation, climatic differences, and adjoining uses.

<sup>&</sup>lt;sup>5</sup>Appraisal Institute, <u>The Dictionary of Real Estate Appraisal</u>, Fifth Edition, Chicago: Appraisal Institute, 2010, page 175.

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## Land Profile:

Land profile adjusts for characteristics such as soil quality, topography, flood zone, and any other physical conditions that might affect the farming capability of the property.

## **Development Potential:**

This adjustment accounts for the overall development potential of the property. The zoning, sphere of influence designation, special studies performed, and development approvals are adjusted for. In addition, the existence of a Williamson Act contract, Farmland Security Zone contract, and/or Agricultural Conservation Easement are accounted for.

## Water:

This adjustment accounts for water quality and the adequacy of irrigation wells and underground distribution lines.

#### Improvements:

This item adjusts for the quantity, size, quality, and condition of any improvements, which existed at the time of sale.

## Size/Shape:

Larger parcels tend to receive a lower price per acre because of the larger size of the required investment. As investment requirements increase, the number of capable investors decreases, and hence there is less competition, which results in lower prices.

|  | Summary of | Comparable | Sales and | Comparison | Analysis: |
|--|------------|------------|-----------|------------|-----------|
|--|------------|------------|-----------|------------|-----------|

|                          | 1                       | 2                       | 3                | 4                     | 5  |
|--------------------------|-------------------------|-------------------------|------------------|-----------------------|--|
| Buyer Name               | BLS Land Company        | Ag Land, Inc.           | D'Arrigo Bros.   | Good Earth Lands, LLC | Good Earth Lands, LLC  |
| Seller Name              | Romie Family LP         | Ketcham Brothers        | Kondo Farms Inc. | MFJK Partnership      | Wait Trust   |
| Sale Date                | 10/15/2015              | 3/21/2016               | 8/15/2016        | 11/5/2015             | 11/7/2016  |
| Doc. No.                 | 59882                   | 14507                   | 46364            | 63858                 | 43579  |
| County                   | Monterey                | Monterey                | Monterey         | Monterey              | Santa Cruz   |
| Assessor's Parcel No.    | 145-011-028+            | 211-021-011, -021       | 153-011-005      | 412-032-014+          | 052-551-03, -04 & -08  |
| ocation                  | Chualar River Road      | Hebert Rd.              | off Alisal Rd.   | Giberson Rd.          | W. Beach Rd.   |
| Nearest Town/Landmark    | Chualar                 | Salinas                 | Salinas          | Moss Landing          | Watsonville  |
| Topography/Terrain       | Level to gently sloping | Level to gently sloping | Level            | Undulating to rolling | Flat   |
| Jtilities                | Elect./tel.             | Elect./tel.             | Elect./tel.      | Elect/tel.            | Elect./tel.  |
| Water                    | 4 wells                 | 2 wells                 | 2 wells          | Off-site ag well      | Ag well  |
| Zoning                   | F/40-Farmlands          | F/40-Farmlands          | F/40-Farmlands   | CAP(CZ) & RC(CZ)      | CA - Comm. Ag.   |
| 100 Year Flood Zone      | Portion                 | Small portion           | No               | No                    | Yes 100%   |
| Gross Acres              | 440.00                  | 105.51                  | 223.64           | 86.50                 | 53.67  |
| Jsable/farmable Ac.      | 435.00                  | 97.00                   | 221.00           | 74.00                 | 53.56  |
| Building Improvements    | 2 old dwellings,        | None                    | None             | None                  | None   |
|                          | misc. farm bldgs.       |                         |                  |                       | and the second |
| Sale Price               | \$24,686,500            | \$5,610,000             | \$13,000,000     | \$4,946,000           | \$3,870,000  |
| Land Price Per Acre      | \$56,751                | \$57,835                | \$58,824         | \$66,838              | \$72,255   |
| ELEMENTS OF COMPARISO    | ON AND SALES ADJUSTM    | ENTS                    | 7                |                       |  |
| Time Adjustment          | 5.00%                   | 0.00%                   | 0.00%            | 0.00%                 | 0.00%  |
| Time Adjusted Sale Price | \$59,588                | \$57,835                | \$58,824         | \$66,838              | \$72,255   |
| Conditions of Sale       | Similar                 | Similar                 | Similar          | Similar               | Similar  |
| Financing                | Similar                 | Similar                 | Similar          | Similar               | Similar  |
| Location/Access          | Inferior                | Inferior                | Inferior         | Inferior              | Inferior   |
| Land Profile             | Inferior                | Inferior                | Inferior         | Inferior              | Similar  |
| Development Potential    | Similar                 | Similar                 | Similar          | Similar               | Similar  |
| Water                    | Similar                 | Similar                 | Similar          | Similar               | Similar  |
| Improvements             | Similar                 | Similar                 | Similar          | Similar               | Similar  |
| Size/Shape               | Similar                 | Superior                | Similar          | Superior              | Superior   |
| Overall Comparison       | Inferior                | Inferior                | Inferior         | Inferior              | Inferior   |
| Overall Indicated        | More Than               | More Than               | More Than        | More Than             | More Than  |
| Value of Subject         | \$59,588                | \$57,835                | \$58,824         | \$66,838              | \$72,255   |

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#### Discussion of Sales:

The limited remarks that follow are made to provide the reader with unusual aspects of the sales listed, pertinent facts and an indication of which sales were most relied on in the final analysis.

<u>Comparable 1</u> is the 2015 purchase of a 440.00 gross acre ranch, situated on Chualar River Road, Chualar. Of the gross land area, approximately 435 acres are usable. This is a nearly rectangular shaped ranch with a topography that ranges from nearly level to gently sloping. It is composed of a lower bench, which has approximately 368 usable acres of nearly level land that is conventionally farmed, and an upper bench, which has approximately 67 usable acres of gently sloping land that is organically farmed. Building improvements include two old dwellings and several miscellaneous farm buildings. Water is obtained via four wells.

The purchase price was \$24,686,500, and the seller received all cash in the transaction. The listing broker reported that several offers were received, most of which were above the asking price.

*Comparison to Subject:* This sale is inferior as to location and land profile. At a time-adjusted price of \$59,588 per acre, it brackets the low end of the value range.

<u>Comparable 2</u> is the 2016 sale of a 105.51 acre ranch located on Hebert Road, northeast of Salinas. This is a somewhat irregular shaped ranch with a topography that is mostly flat with some sloping area. The ranch has been farmed to vegetable crops and strawberries for many years. Irrigation water is supplied by two deep wells. There were no building improvements on the property. The purchase price was \$5,610,000, and the seller received all cash in the transaction. It was purchased by a local farming company.

Comparison to Subject: This sale is superior as to the smaller size, but is inferior as to land profile and location. It also helps bracket the low end of the value range.

<u>Comparable 3</u> is the 2016 sale of a 223.64 acre ranch located off Alisal Road, east of Salinas. This is a rectangular shaped ranch with a flat topography. The ranch has been farmed to vegetable crops and strawberries for many years. Irrigation water is supplied by two deep wells and there is a storage reservoir on-site. There were no building improvements on the property. The purchase price was \$13,000,000, and the seller received all cash in the transaction. It was purchased by a local farming company.

Comparison to Subject: This sale is inferior as to location and land profile. It also helps bracket the low end of the value range.

<u>Comparable 4</u> is the November 2015 purchase of an 86.50 acre ranch, located on Giberson Road, Moss Landing. The ranch is actually two non-contiguous blocks in close proximity to each other. The overall topography ranges from undulating to rolling. Of the gross land area, approximately 74 acres are usable and the remainder is primarily situated within McClusky Slough. Irrigation water is provided by an off-site well. There are no building improvements.

The buyer was the tenant at the time of sale. The purchase price was \$4,946,000, and the seller received all cash in the transaction.

Comparison to Subject: This sale is superior as to the smaller size, but is inferior as to land profile and location.

<u>Comparable 5</u> is the recent sale of a 53.67 gross acre ranch, located along the north side of W. Beach Road, west of Watsonville. Of the gross land area, 53.56 acres are considered to be usable. This ranch has a nearly rectangular shape and a nearly level topography. It is bordered to the north by a drainage ditch, which causes some drainage and flood potential issues. There are no building improvements. Water is provided by an on-site well, which is reportedly sufficient. There is a PVWMA turn-out on the property, but the owners have not needed to connect to it.

The purchase price was \$3,870,000, and the seller received all cash in the transaction. The asking price was \$3,670,000, and the listing broker reported receiving multiple offers.

Comparison to Subject: This sale is superior as to the smaller size, but is inferior overall as to location. This sale price most closely reflects that of the subject property, but still remains inferior overall.

## Summation of Value:

The preceding sales indicate a time-adjusted range in value of \$57,835 to \$72,255 per acre. Based on the preceding analysis, and with similar emphasis given each sale, the market value of the subject is estimated at \$77,500 per usable acre.

## INCOME CAPITALIZATION APPROACH

The income approach is "a set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate."<sup>1</sup>

#### Potential Gross Income:

The first step in applying the income approach requires an estimate of the subject property's economic rental value.

Comparable farmland rents in the market area presently range from about \$1,000 to \$3,300 per usable acre. The rents at the upper end of the range (\$2,000 to \$3,300 per acre), are typically prime Blanco District, Beach Road, or central Pajaro Valley ranches with loamy or clay soils and level topography. Rents at the lower end of the range (\$1,000 to \$1,950 per acre) are for ranches on the outer fringes of the Blanco District, Beach Road, or central Pajaro Valley ranches inconsistent soils, flood zone, etc.

Based on the preceding data, and considering the current strong demand, the market rental value of the subject property is estimated to be \$3,200 per acre, plus taxes.

| Rentable | Rent Per | Total Annual |
|----------|----------|--------------|
| Acres    | Acre     | Rent         |
| 1        | \$3,200  | \$3,200      |

#### Vacancy:

Good to prime farmland remains in demand, and there have been very few vacancies on ranches like the subject in the recent past.

<sup>&</sup>lt;sup>1</sup>Appraisal Institute, <u>The Dictionary of Real Estate Appraisal</u>, Fifth Edition, Chicago: Appraisal Institute, 2010, page 99.

# Direct Income Capitalization and Valuation:

The second step in the income approach is converting the income estimate into value by the use of a market supported capitalization rate. In order to obtain meaningful capitalization rates from the comparable sales, the gross income is used. This is justified because operating expenses (landlord expenses) are very consistent among the comparable farmland sales and the subject. The comparable sales analyzed in the sales comparison approach, indicate the following overall capitalization rates.

| Comparable No.        | 1                | 2                | 3                | 4                     | 5                     |
|-----------------------|------------------|------------------|------------------|-----------------------|-----------------------|
| Buyer Name            | BLS Land Company | Ag Land, Inc.    | D'Arrigo Bros.   | Good Earth Lands, LLC | Good Earth Lands, LLC |
| Seller Name           | Romie Family LP  | Ketcham Brothers | Kondo Farms Inc. | MFJK Partnership      | Wait Trust            |
| Sale Date             | 10/15/2015       | 3/21/2016        | 8/15/2016        | 11/5/2015             | 11/7/2016             |
| Sale Price            | \$24,686,500     | \$5,610,000      | \$13,000,000     | \$4,946,000           | \$3,870,000           |
| Rental Value Per Acre | \$2,142          | \$2,200          | \$2,200          | \$2,000               | \$2,650               |
| Total Rent            | \$931,770        | \$213,400        | \$486,200        | \$148,000             | \$141,934             |
| Indicated Cap. Rate   | 3.77%            | 3,80%            | 3.74%            | 2.99%                 | 3.67%                 |

## **Overall Capitalization Rates:**

The comparable sales indicate a range in capitalization rates from 2.99% to 3.80%. While these are relatively recent sales, they do not represent anticipation of the relatively recent increase in market rents. Higher market rents result in higher indicated capitalization rates. As a result, a slightly higher capitalization rate is used for the subject property. Based on the preceding analysis, a rate of 4.00% is selected for the subject. The indicated value based on the income capitalization approach is calculated as follows:

| Income  | 1 | Rate  | I | <br>Value    |
|---------|---|-------|---|--------------|
| \$3,200 |   | 4.00% |   | \$<br>80,000 |

# RECONCILIATION OF APPROACHES AND FINAL VALUE CONCLUSION

| MARKET VALUE INDICATED BY COST APPROACH             | N/A           |
|---|---------------|
| MARKET VALUE INDICATED BY SALES COMPARISON APPROACH | \$77,500/Acre |

# MARKET VALUE INDICATED BY INCOME CAPITALIZATION APPROACH

\$80,000/Acre

The two approaches indicate relatively similar values for the subject property. The direct sales comparison approach was given greatest emphasis in the final analysis.

The sales comparison approach involves several relatively recent sales transactions. The number of recent comparable sales adds considerable emphasis to this approach, which is the most widely understood and applied in the local market.

The income approach typically reflects farmland purchases made by investors based on cash return from rent. Such investors typically base purchases on income earning potential and rates of return. The most recent run-up of farmland prices is due to farmer/owner-user type purchases; therefore, the income approach is given less emphasis in the final analysis.

Based on the preceding analysis, and with most emphasis given to the direct sales comparison approach, the market value of the fee simple interest in the subject property is estimated to be \$77,500 per acre.

Fee Simple Value \$77,500 Per Acre (\$1.78 Per Square Foot)

## ALLOCATIONS OF VALUE

#### Permanent Right of Way Easement:

The permanent right of way easement will run along and within the existing farm road that extends from Nashua Road to the Salinas River. The property owners will be able to use the easement area to continue using the existing road; therefore, the value of the easement is relatively minimal and an estimate of 25% of fee simple value is appropriate.

| Fee Simple | Easement |   | Easement | Easement |
|------------|----------|---|----------|----------|
| Value      | Value    |   | Value/AC | Value/SF |
| \$77,500   | 25%      | = | \$19,375 | \$0.44   |

## Permanent Pipeline Easement, Forced Main (FM):

Similar to the right of way easement, the pipeline easement will have a minimal impact on fee simple value. The pipeline will be underground and will be constructed within the existing farm road adjacent to the MCWRA ditch. This easement value is also estimated to be approximately 25% of fee simple value.

| Fee Simple | Easement |   | Easement | Easement |
|------------|----------|---|----------|----------|
| Value      | Value    |   | Value/AC | Value/SF |
| \$77,500   | 25%      | = | \$19,375 | \$0.44   |

#### Permanent Diversion Facility Easement:

Most of the diversion facility will be located within the existing MCWRA drainage ditch. This portion of the property has a relatively limited value in the market and an estimate of 25% of agricultural land value is estimated, making the fee simple value of the drainage ditch area approximately \$19,375 per acre. The diversion facility will be an exclusive use and a value 90% of fee value is appropriate.

| Fee Simple | Easement |   | Easement | Easement |
|------------|----------|---|----------|----------|
| Value      | Value    |   | Value/AC | Value/SF |
| \$19,375   | 90%      | = | \$17,438 | \$0.40   |

#### **Temporary Construction Easement:**

This easement is temporary and the property will be left in near original condition. An estimate of two years rent, at \$3,200 per acre annually, is applied to the area of the farm road since this area may not be usable during the construction. The area within APN 135-131-003 is within the drainage ditch and will have a much more discounted value. A rate equal to 25% of the going farmland rate (\$800 per acre, per year) is appropriate for the two year period.

# Summary of Allocated Values:

| Parcel APN         | Owner              | Туре                | Land Area SF | 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1 | Easement<br>Value/SF | Easement<br>Value |
|--------------------|--------------------|---------------------|--------------|--|----------------------|-------------------|
| 135-131-005 & -007 | Yuki Farms LP      | Right of Way        | 29,278       | \$19,375                                 | \$0.44               | \$13,023          |
| 135-131-005 & -007 | Yuki Farms LP      | Perm. Easement (FM) | 20,304       | \$19,375                                 | \$0.44               | \$9,031           |
| 135-131-005 & -007 | Yuki Farms LP      | Temp. Const. Ease.  | 47,685       | \$6,400                                  | \$0.15               | \$7,006           |
| 135-131-003        | MCWRA              | Perm. Easement      | 8,750        | \$18,000                                 | \$0.41               | \$3,616           |
| 135-131-003        | MCWRA              | Temp. Const. Ease.  | 11,848       | \$1,600                                  | \$0.04               | \$435             |
| 135-131-002        | Blanco Fields, LLC | Perm. Easement      | 638          | \$18,000                                 | \$0.41               | \$264             |
| 135-131-002        | Blanco Fields, LLC | Temp. Const. Ease.  | 2,540        | \$6,400                                  | \$0.15               | \$373             |

## CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no
  personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property
  that is the subject of this report within the three-year period immediately preceding acceptance of
  this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The appraisal was made and the appraisal report prepared in conformity with the Appraisal Foundation's Uniform Standards for Professional Appraisal Practice, except to the extent that Federal Government required invocation of USPAP's Jurisdictional Exception Rule excluding an estimate of exposure time.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been
  prepared, in conformity with the Code of Professional Ethics and Standards of Professional
  Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

Date: February 2, 2017

Appraiser:

R. Anthony Brigantino, MAI License No. AG006530

# ADDENDA

Definitions of Appraisal Terms Photographs of Subject Property Blanco Drain Site Plan Whitson Engineers Draft Drawings Comparable Sales Location Map Qualifications of Appraiser

## DEFINITIONS OF APPRAISAL TERMS

#### Definition of Market Value (UASFLA 2000, Section B-2, Page 30):

"Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal."

#### Easement:

"An interest in real property that conveys use, but not ownership, of a portion of an owner's property. Access or right-of-way easements may be acquired by private parties or public utilities. Governments dedicate conservation, open space, and preservation easements. ."<sup>2</sup>

#### Fee Simple Estate:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat."<sup>3</sup>

<sup>2</sup>Appraisal Institute, <u>The Dictionary of Real Estate Appraisal</u>, Third Edition, Chicago: Appraisal Institute, 1993, page 110.
 <sup>3</sup>Appraisal Institute, <u>The Appraisal of Real Estate</u>, Tenth Edition, Chicago: Appraisal Institute, 1992, page 122.

# Photographs of Subject

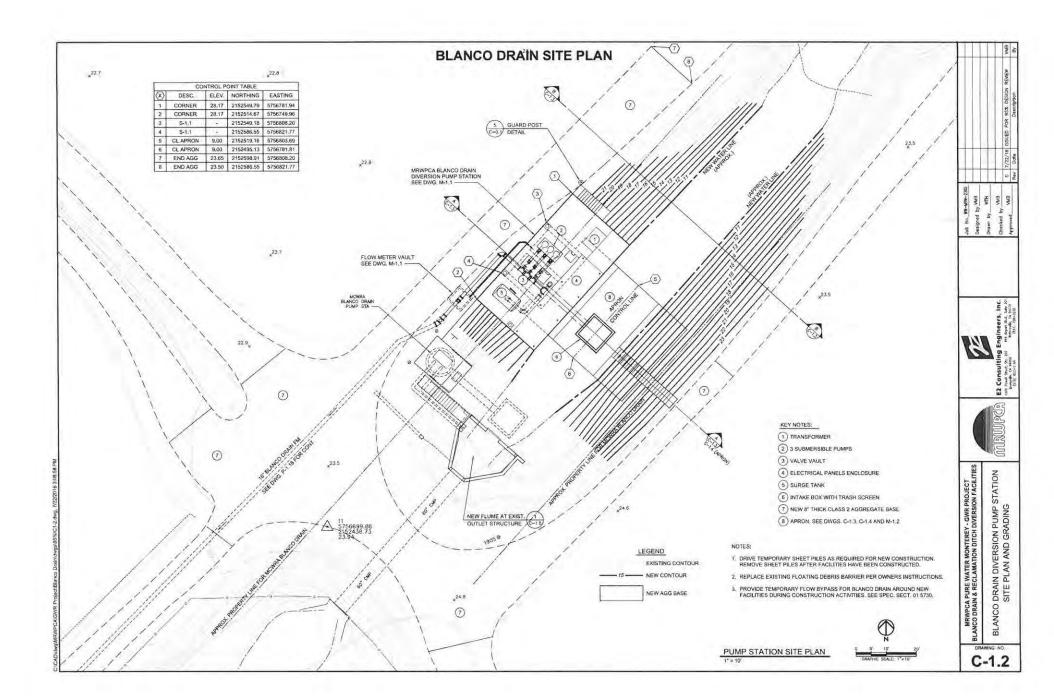
Taken December 15, 2016



East end of the proposed 12 foot right of way, facing west, as seen from Nashua Road.



(APN 135-131-003) MCWRA drain, near proposed location for the permanent easement, facing west.



## WHITSON ENGINEERS DRAFT DRAWINGS

## EXHIBIT "A" LEGAL DESCRIPTION PERMANENT EASEMENT APN 135-131-002-000

Certain real property situate in the County of Monterey, State of California, described as follows:

Being an easement over a portion of the property described in the deed recorded on April 1, 2016 as Document Number 2016-016806, Official Records of said County, more particularly described as follows:

**Beginning** at a point on the southeasterly line of the property described in the deed recorded on January 6, 1943 in Book 787 at Page 258, Official Records of said County, said point of beginning being distant North 41° 00' 00" East, 836.94 feet from the most southerly corner of said property described in Book 787 at Page 258, thence from said point of beginning along the common boundary of said properties

- 1) North 41° 00' 00" East, 175.00 feet; thence departing said common boundary
- 2) South 49° 00' 00" East 6.36 feet; thence
- 3) South 42° 46' 39" West, 175.11 feet; thence
- 4) North 47° 14' 17" West, 0.93 feet, more or less, to the point of beginning.

Containing an area of 638 square feet, more or less.

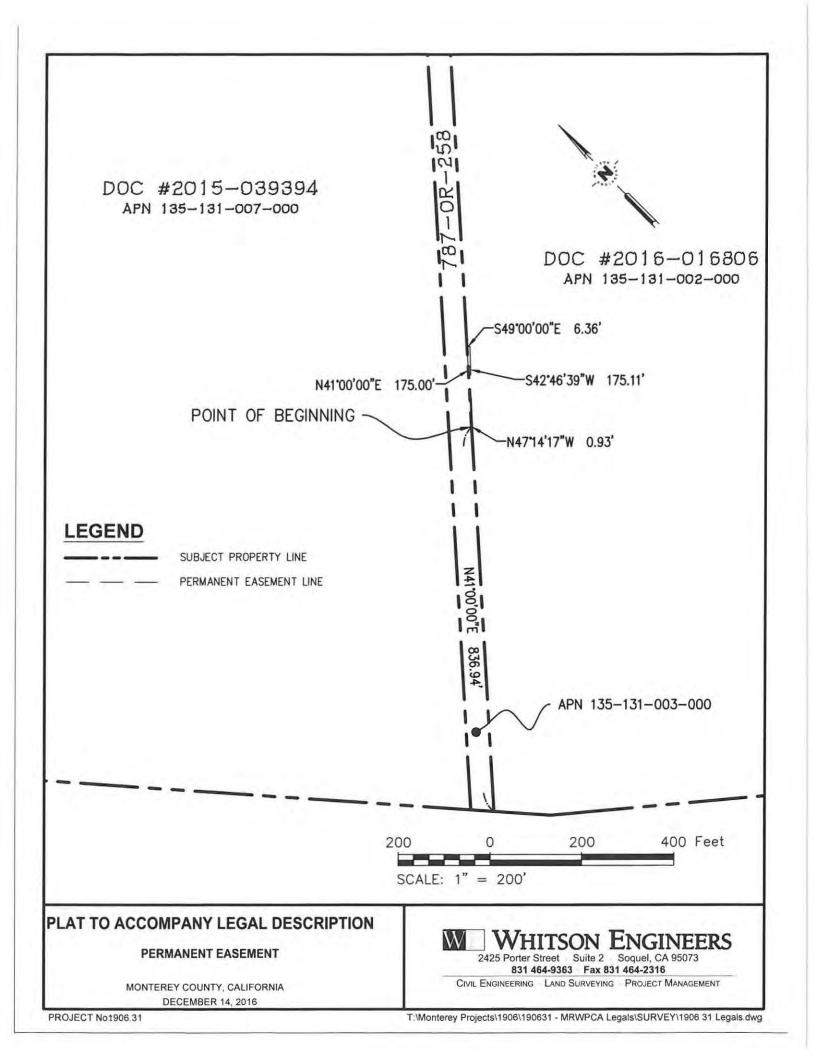
Attached hereto is a plat to accompany legal description, and by this reference made a part hereof

## END OF DESCRIPTION

PREPARED BY: WHITSON ENGINEERS

RICHARD P. WEBER P.L.S. L.S. NO. 8002 Job No.: 1906.31





## EXHIBIT "A" LEGAL DESCRIPTION PERMANENT EASEMENT APN 135-131-003-000

Certain real property situate in the County of Monterey, State of California, described as follows:

Being an easement over a portion of the property described in the deed recorded on January 6, 1943 in Book 787 at Page 258, Official Records of said County, more particularly described as follows:

**Beginning** at a point on the northwesterly line of said property, said point of beginning being distant North 41° 00' 00" East, 831.98 feet from the most westerly corner of said property, thence from said point of beginning along the northwesterly line of said property

- 1) North 41° 00' 00" East, 175.00 feet; thence departing said northwesterly line
- 2) South 47° 14' 17" East, 50.02 feet to a point on the southeasterly line of said property; thence along said southeasterly line
- 3) South 41° 00' 00" West, 175.00 feet; thence departing said southeasterly line
- 4) North 47° 14' 17" West, 50.02 feet more or less to the Point of Beginning.

Containing an area of 8,750 square feet, more or less.

Attached hereto is a plat to accompany legal description, and by this reference made a part hereof

## END OF DESCRIPTION

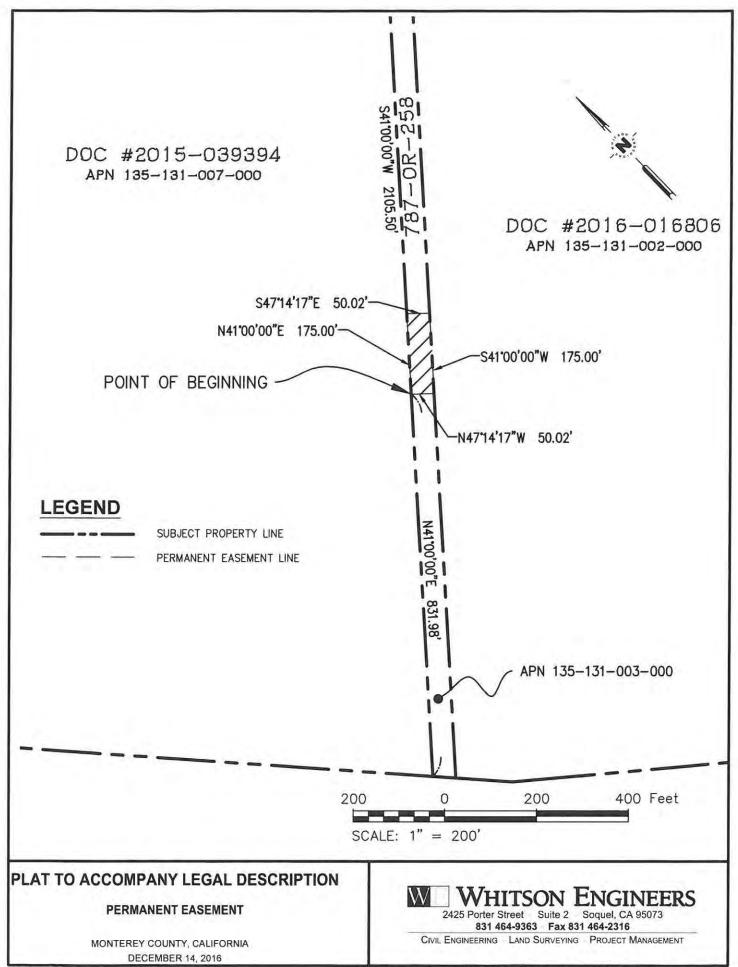
PREPARED BY:

WHITSON ENGINEERS

No. 8002

RICHARD P. WEBER P.L.S. L.S. NO. 8002

Job No.: 1906.31



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## EXHIBIT "A" LEGAL DESCRIPTION PERMANENT EASEMENT APN 135-131-007-000

Certain real property situate in the County of Monterey, State of California, described as follows:

Being an easement over a portion of the property described in the deed recorded on July 17, 2015 as Document Number 2015-039394, Official Records of said County, more particularly described as follows:

**Beginning** at a point on the northwesterly line of the property described in the deed recorded on January 6, 1943 in Book 787 at Page 258, Official Records of said County, said point of beginning being distant North 41° 00' 00" East, 831.98 feet from the most westerly corner of said property described in Book 787 at Page 258, thence from said point of beginning along the common boundary of said properties

- 1) North 47° 14' 18" West, 15.05 feet; thence
- 2) South 42° 45' 42" West, 827.58 feet to a point on the westerly boundary of said Document Number 2015-039394; thence along said westerly boundary
- 3) North 41° 35' 258" West 20.10 feet; thence departing said westerly boundary
- 4) North 42° 45' 43" East, 841.09 feet; thence
- 5) North 41° 40' 42" East, 37.45 feet; thence
- 6) North 40° 35' 41" East, 10.34 feet; thence
- 7) North 63° 05' 41" East, 14.44 feet; thence
- 8) North 40° 35' 41" East, 39.91 feet; thence
- South 49° 24' 19" East, 29.04 feet to a point on the common boundary of said properties; thence along said common boundary
- 10) South 41° 00' 00" West, 117.83 feet, more or less, to the point of beginning.

Containing an area of 20,304 square feet, more or less.

Attached hereto is a plat to accompany legal description, and by this reference made a part hereof

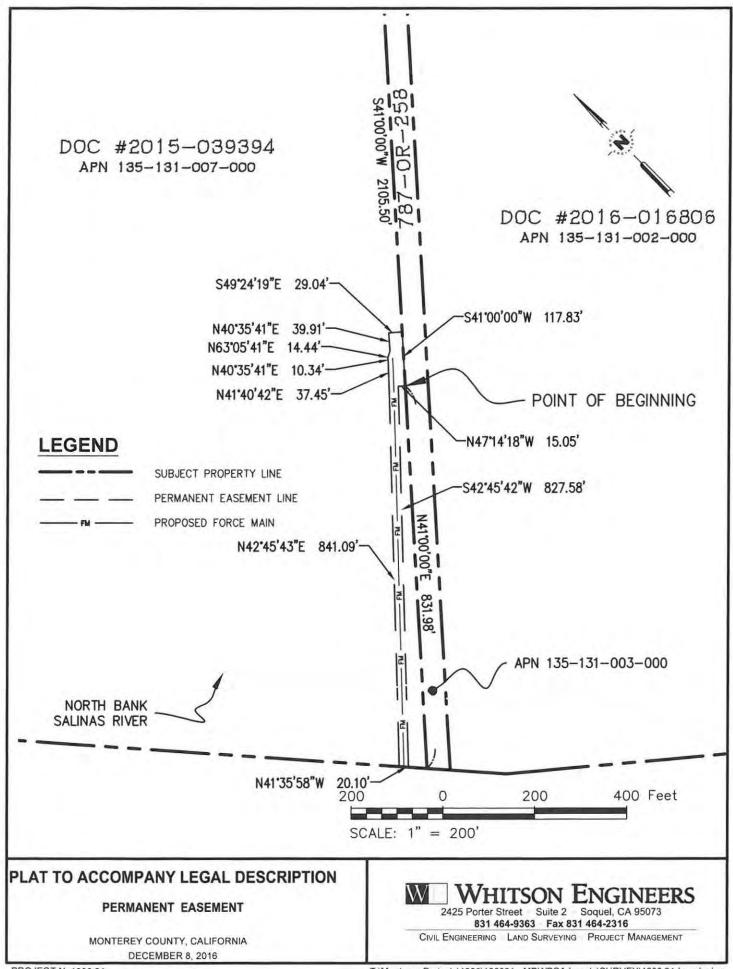
#### END OF DESCRIPTION

PREPARED BY: WHITSON ENGINEERS

RICHARD P. WEBER P.L.S. L.S. NO. 8002 Job No.: 1906.31



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## EXHIBIT "A" LEGAL DESCRIPTION TEMPORARY CONSTRUCTION EASEMENT APN 135-131-002-000

Certain real property situate in the County of Monterey, State of California, described as follows:

Being an easement over a portion of the property described in the deed recorded on April 1, 2016 as Document Number 2016-016806, Official Records of said County, more particularly described as follows:

**Beginning** at a point on the southeasterly line of the property described in the deed recorded on January 6, 1943 in Book 787 at Page 258, Official Records of said County, said point of beginning being distant North 41° 00' 00" East, 836.94 feet from the most southerly corner of said property described in Book 787 at Page 258, thence from said point of beginning along the common boundary of said properties

- 1) North 41° 00' 00" East, 236.95 feet; thence departing said common boundary
- 2) South 47° 09' 02" East 14.25 feet; thence
- 3) South 40° 50' 10" West, 236.95 feet; thence
- 4) North 47° 14' 17" West, 14.93 feet, more or less, to the point of beginning.

Containing an area of <del>3,455</del> square feet, more or less. **2540**'

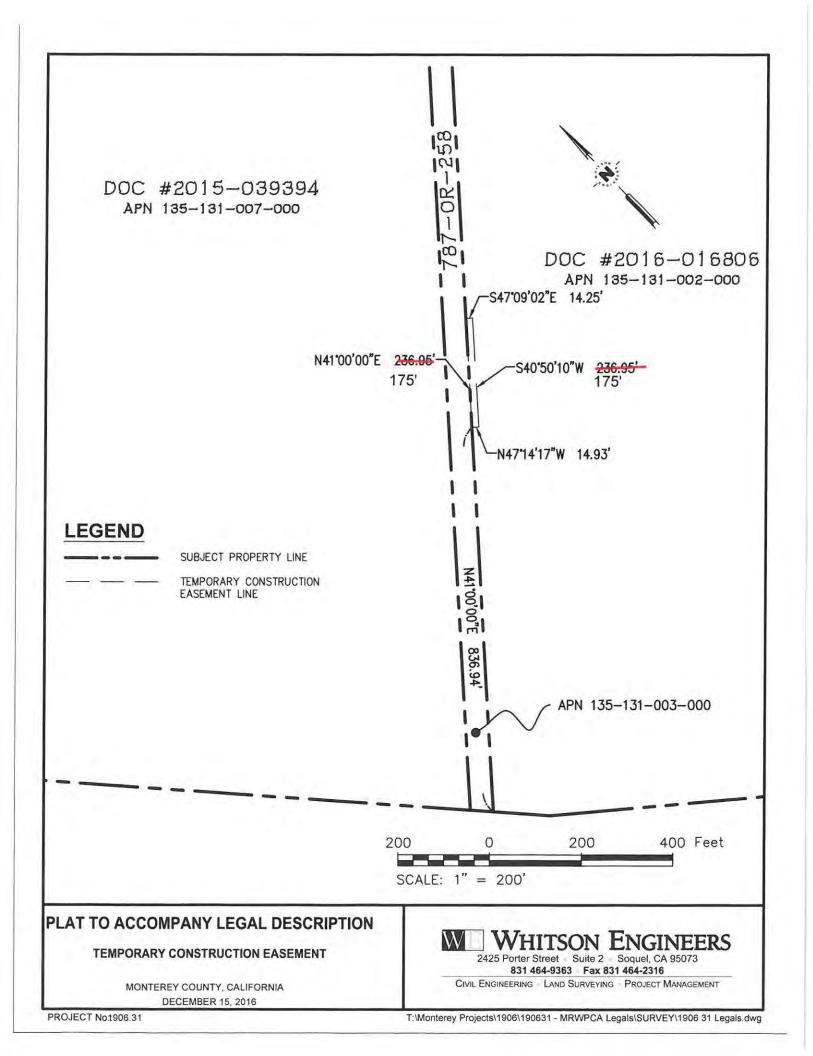
Attached hereto is a plat to accompany legal description, and by this reference made a part hereof

## END OF DESCRIPTION

PREPARED BY: WHITSON ENGINEERS

RICHARD P. WEBER P.L.S. L.S. NO. 8002 Job No.: 1906.31





## EXHIBIT "A" LEGAL DESCRIPTION TEMPORARY CONSTRUCTION EASEMENT APN 135-131-007-000

Certain real property situate in the County of Monterey, State of California, described as follows:

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**Beginning** at a point on the northwesterly line of the property described in the deed recorded on January 6, 1943 in Book 787 at Page 258, Official Records of said County, said point of beginning being distant North 41° 00' 00" East, 831.98 feet from the most westerly corner of said property described in Book 787 at Page 258, thence from said point of beginning along the common boundary of said properties

- 1) South 42° 45' 43" West, 617.22 feet; thence
- 2) North 30° 09' 24" West, 57.59 feet; thence
- 3) North 42° 45' 43" East, 637.14 feet; thence
- 4) North 47° 14' 17" West, 10.00 feet; thence
- 5) North 42° 45' 43" East, 200.00 feet; thence
- 6) South 47° 14' 17" East, 57.76 feet to a point on the common boundary of said properties; thence along said common boundary
- 7) South 41° 00' 00" West, 236.95 feet, more or less, to the point of beginning.

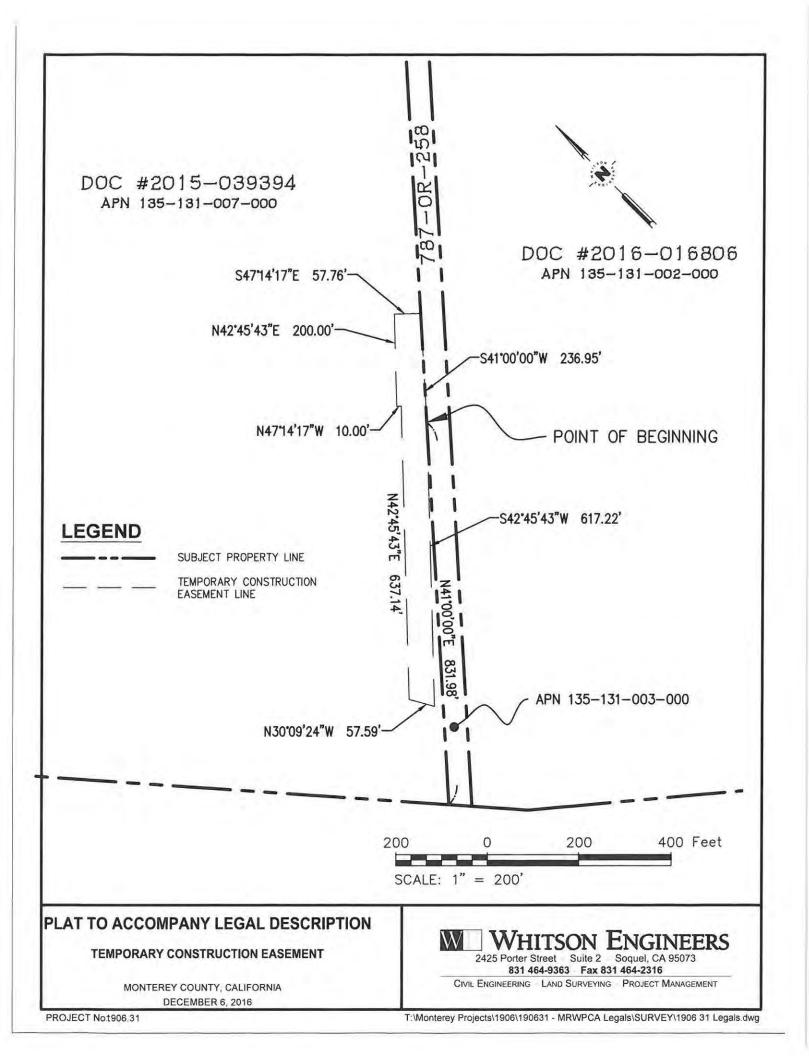
Containing an area of 47,685 square feet, more or less.

Attached hereto is a plat to accompany legal description, and by this reference made a part hereof

## END OF DESCRIPTION

PREPARED BY: WHITSON ENGINEERS CHISED LAND SUP CHISED LAND SUP CHARD P. Mr. CONTROLOGY No. 8002 THE OF CALLEDRING

RICHARD P. WEBER P.L.S. L.S. NO. 8002 Job No.: 1906.31



## EXHIBIT "A" LEGAL DESCRIPTION TEMPORARY CONSTRUCTION EASEMENT APN 135-131-003-000

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Being an easement over a portion of the property described in the deed recorded on January 6, 1943 in Book 787 at Page 258, Official Records of said County, more particularly described as follows:

**Beginning** at a point on the northwesterly line of said property, said point of beginning being distant North 41° 00' 00" East, 831.98 feet from the most westerly corner of said property, thence from said point of beginning along the northwesterly line of said property

- 1) North 41° 00' 00" East, 236.95 feet; thence departing said northwesterly line
- 2) South 47° 14' 17" East, 50.02 feet to a point on the southeasterly line of said property; thence along said southeasterly line
- 3) South 41° 00' 00" West, 236.95 feet; thence departing said southeasterly line
- 4) North 47° 14' 17" West, 50.02 feet more or less to the Point of Beginning.

Containing an area of 11,848 square feet, more or less.

Attached hereto is a plat to accompany legal description, and by this reference made a part hereof

## END OF DESCRIPTION

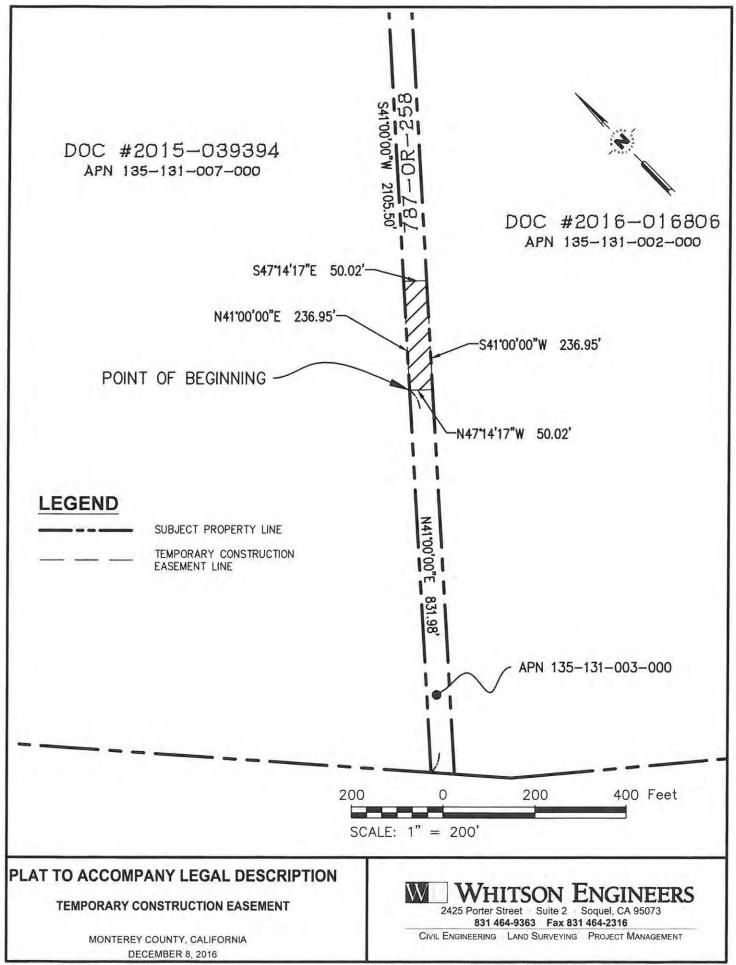
PREPARED BY:

WHITSON ENGINEERS



RICHARD P. WEBER P.L.S. L.S. NO. 8002

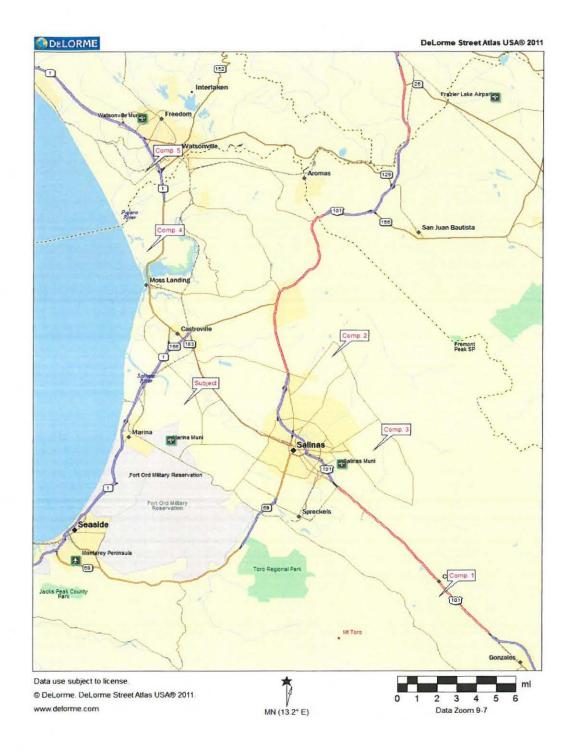
Job No.: 1906.31



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# COMPARABLE SALES LOCATION MAP





# R. ANTHONY BRIGANTINO, MAI

# APPRAISAL SPECIALTY

Appraising complex agricultural, commercial, industrial, and transitional properties in Monterey, Santa Cruz, San Benito, and southern Santa Clara Counties since 1984.

Some specific assignments include farmland, large farm and ranch tracts, conservation easements, vineyards, wineries, greenhouses, food processing, and cold storage. Commercial properties such as vacant land, retail, office, medical, apartments, residential care facilities, municipal properties, and industrial warehouses. Existing and proposed improvements, current, historical, and future dates of value. Purposes such as financing, litigation, eminent domain and partial acquisition, tax planning, purchase, IRS and general market analysis.

Appraisal reports are prepared under the guidelines of the Uniform Standards of Professional Appraisal Practice, or the Uniform Standards for Federal Land Transactions and the Ethics and Standards of the Appraisal Institute.

# PROFESSIONAL AFFILIATIONS AND LICENSES

MAI Member 09840, Appraisal Institute. (continuing education program - current)

Certified General Real Estate Appraiser, State of California, Appraiser Number AG006530, Expires 4/29/2017.

Licensed Real Estate Broker, State of California, expires 1/28/2020.

Valuation of Conservation Easements Program, Certificate of Completion, May 23, 2008

Candidate - American Society of Farm Managers and Rural Appraisers.

Member - International Right of Way Association.

Director - Northern California Chapter of the Appraisal Institute, 2000-2003.

Member - Appraisal Institute, Region I Panel, Ethics Administration Division.

President - Monterey Bay Chapter of the Appraisal Institute, 1998.

Director - Monterey Bay Chapter of the Appraisal Institute, 1994 - 1997.

Member - Christians In Commerce

# APPRAISAL EXPERIENCE

| Expert Witness  | s Qualified as an expert witness in Monterey, Santa Cruz, Santa Clara, and San Luis Obispo Counties Superior Courts. |  |  |  |
|---|--|--|--|--|
| 4/95 - Present President/CEO - Brigantino & Company, Salinas, CA      |  |  |  |  |
| 11/91 - 4/95 Senior Appraiser, Pacific Coast Farm Credit, Salinas, CA |  |  |  |  |
| 06/86 - 10/91   | Associate Appraiser, Piini Realty, John W. Piini, MAI, Salinas, CA   |  |  |  |
| 01/84 - 05/86   | Appraiser/Loan Officer, Federal Land Bank Association, Salinas, CA   |  |  |  |
| EDUCATION   |  |  |  |  |
| 1983  | Bachelor of Science Degree in Agriculture Business,  |  |  |  |

California State University, Fresno, CA

## (R. Anthony Brigantino cont.)

# APPRAISAL INSTITUTE COURSES

| 2.1. 1. 1.0.107.1 |   |
|-------------------|---|
| 2013              | 4 Hours California Land Conservation Conference – Appraisers Forum.   |
| 2013              | 7 Hours USPAP Update  |
| 2013              | Federal and California Statutory and Regulatory Law   |
| 2012              | 7 Hours Fall Conference, San Francisco.   |
| 2011              | 7 Hours USPAP Update  |
| 2010              | 6 Hours Fall Conference, San Francisco.   |
| 2010              | 15 Hours The Appraiser as an Expert Witness.  |
| 2010              | 7.5 IRS Valuation Summit.   |
| 2009              | 7 Hours Fall Conference, San Francisco.   |
| 2009              | 5 Hours Business Practices and Ethics.  |
| 2009              | 4 Hours Real Estate Appraisal Operations.   |
| 2008              | 31 Hours Valuation of Conservation Easements Certification.   |
| 2006              | 7 Hours USPAP Update  |
| 2003              | 7 Hours USPAP Update – Standards I and II   |
| 2003              | 8 Hours Business Practices and Ethics   |
| 2003              | 7 Scope of Work: Expanding Your Range   |
| 2003              | 7 Hours Vineyard Valuation III  |
| 2002              | 2 Hours Undivided Interest Valuation  |
| 2002              | 6 Hours - Fall Conference   |
| 2000              | 6 Hours - Fall Conference   |
| 2000              |   |
| 2000              | 12 Hours – Valuation 2000 (Partial Interests, Mock Trial, Feng Shui)  |
| 1999              | 4 Hours - Misc. Offerings<br>8 Hours - Misc. Offerings  |
| 1999              | 14 Hours - Mitacking and Defending an Appraisal in Litigation   |
| 1999              | 14 Hours - Attacking and Defending an Appraisal in Litigation<br>6 Hours - Fall Conference  |
| 1999              |   |
| 1998              | 7 Hours - USPAP Update  |
| 1998              | 4 Hours - The Technical Inspection of Commercial/Industrial Real Estate.<br>4 Hours - Business Value in the World of Real Estate Appraisal. |
| 1998              |   |
| 1998              | <ul> <li>4 Hours - Operating Expense Information.</li> <li>4 Hours - Valuation Considerations Regarding a Partial Acquisition.</li> </ul>   |
| 1998              | 6 Hours - Misc. Offerings.  |
| 1997              |   |
| 1997              | 7 Hours - Internet and Appraising   |
| 1996              | 8 Hours - Misc. Offerings   |
| 1995              | 6 Hours - Misc. Offerings   |
| 1995              | 8 Hours - Eminent Domain  |
| 1994              | 25 Hours - Standards of Professional Practice, Parts A & B  |
| AMEDICAN          | SOCIETY OF FARM MANACERS AND  |

# AMERICAN SOCIETY OF FARM MANAGERS AND

RURAL APPRAISERS COURSES:

- 2014 2000 2000 7 Hours USPAP Update
- 16 Hours Appraising Conservation Easements Spring Ag. Outlook Forum Spring Ag. Outlook Forum Spring Ag. Outlook Forum 16 Hours Permanent Plantings Appraisal 40 Hours Advanced Rural Appraisal 8 Hours Principles of Rural Appraisal
- 1998
- 1997
- 1996
- 1993
- 1992 8 Hours - Principles of Rural Appraisal

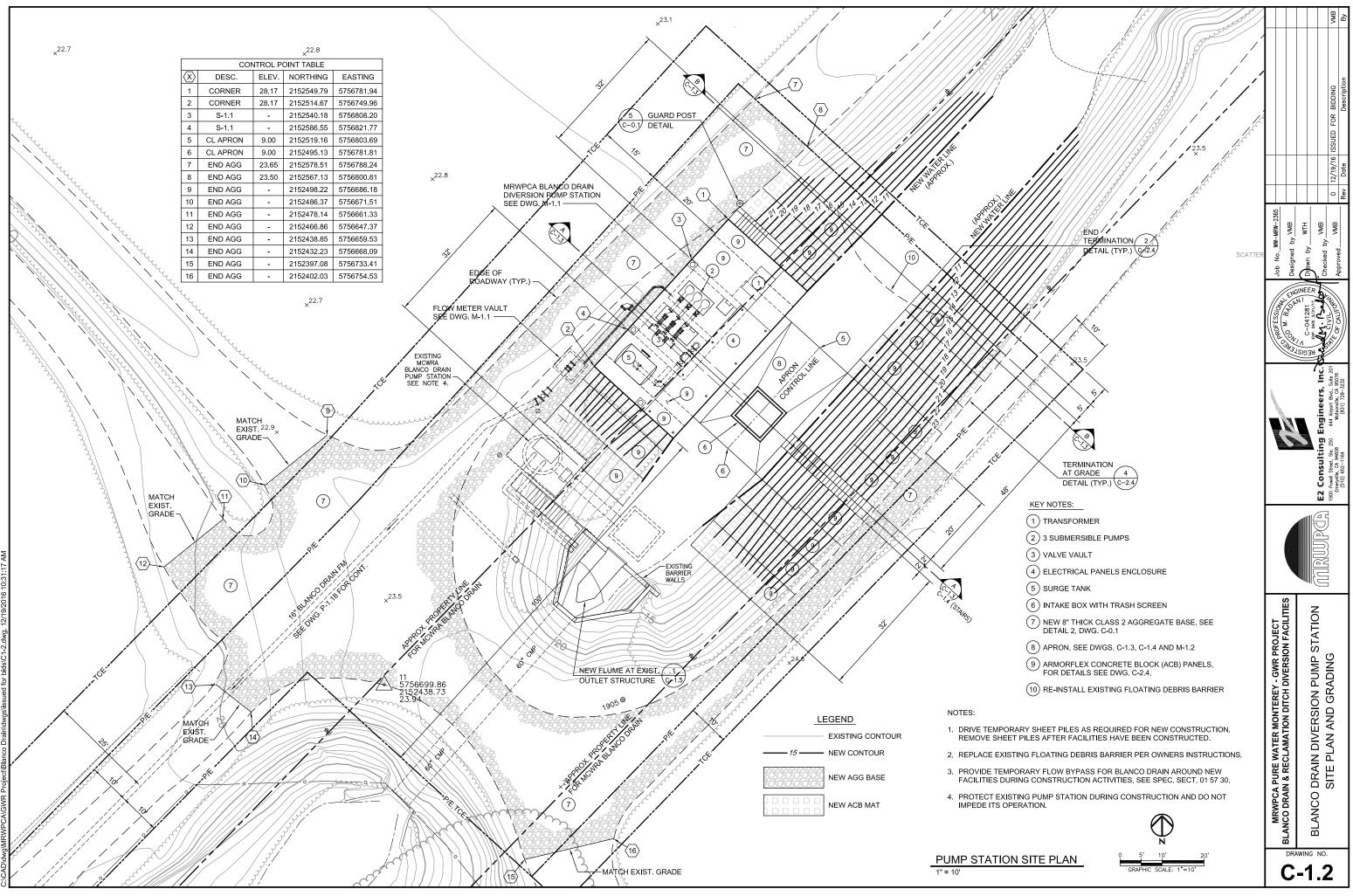
## INTERNATIONAL RIGHT OF WAY ASSOCIATION COURSES:

- 2011 7 Hours – Corridor Valuation
- 2001
- 40 Hours Course 401, The Appraisal of Partial Acquisitions 16 Hours Eminent Domain Law Basics for Right of Way Professionals 1998

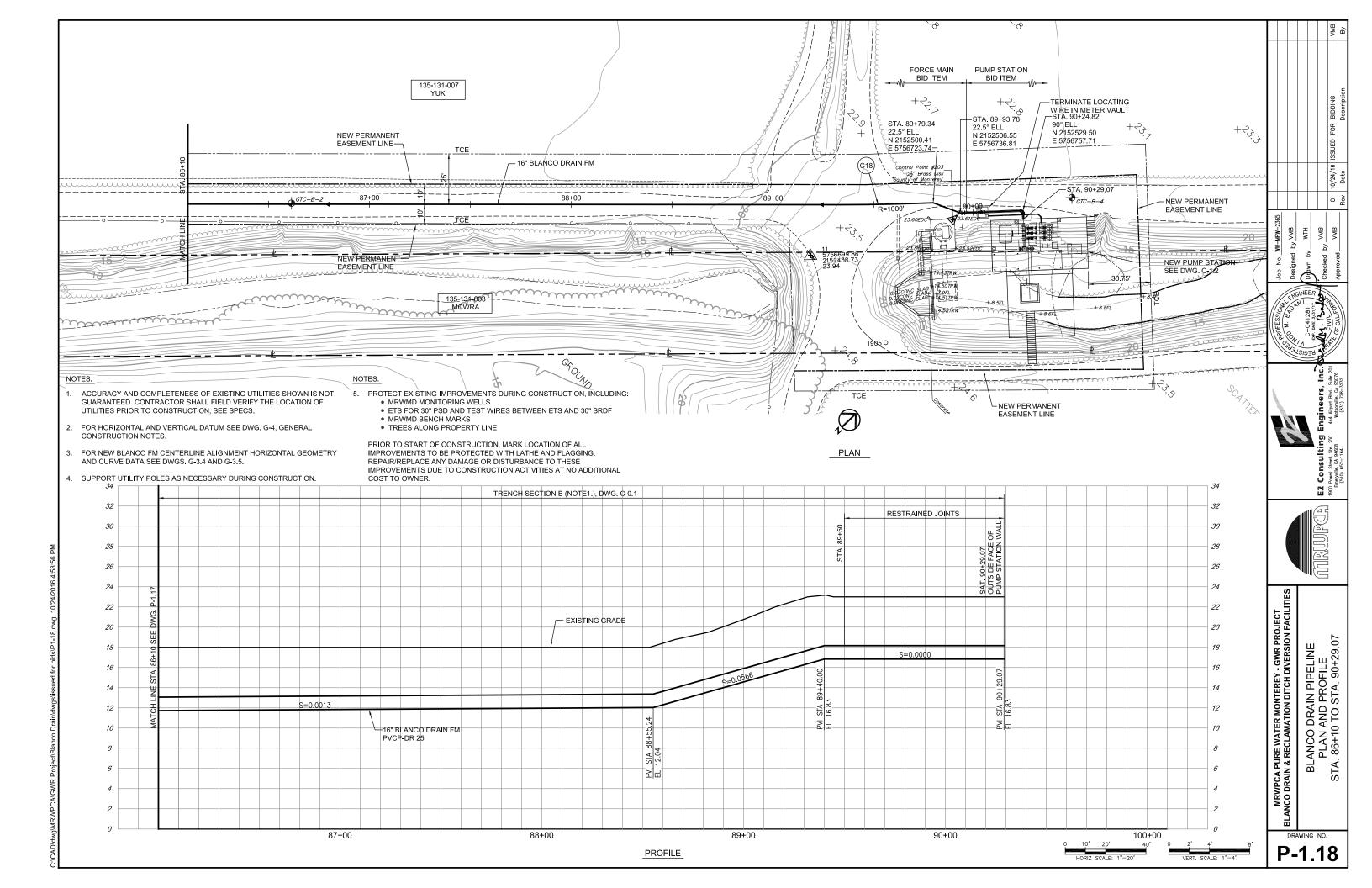
## PUBLIC SPEAKING/MISCELLANEOUS:

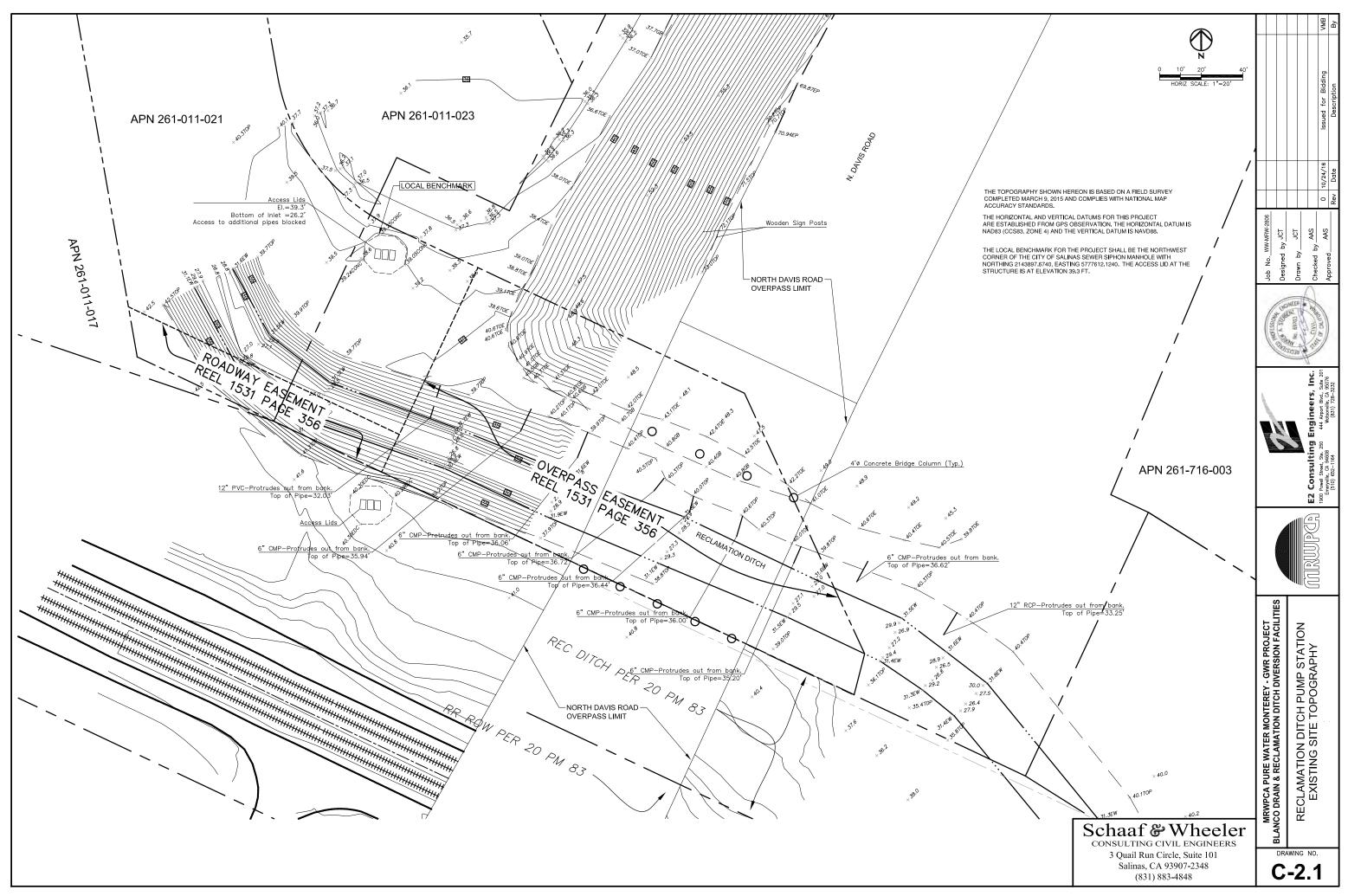
2001 & 2002 Attendee – Appraisal Institute, Leadership Development Advisory Council, Wash. D.C. - Congressional Visits, Meeting with Congressman Sam Farr. 1999 Panel Speaker, Monterey County Economic Forecast, hosted by Steven

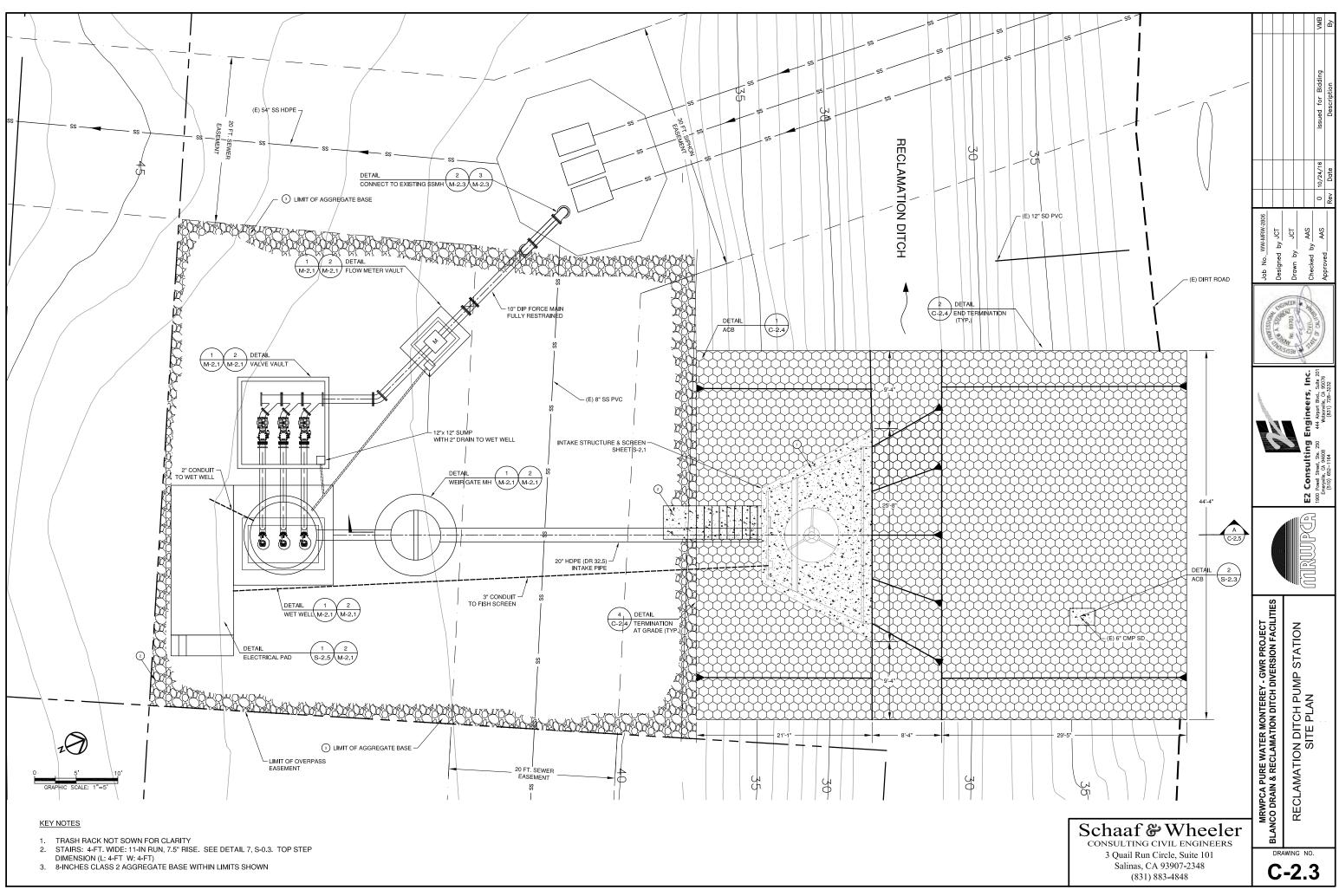
- Nukes & Associates, Management Strategy and Economic Consultants. 1998 & 2000 Conference Panel Speaker - American Society of Farm Managers and Rural Appraisers; Spring Ag. Outlook Forum. (Quoted by the Associated Press)
- Panel Discussion Monterey Bay Chapter of the Appraisal Institute 1998



Didwq\MRWPCA\GWR Project\Blanco Drain\dwgs\issued for bids\C1-2.dwg. 12/19/2016 10:31:







#### EXHIBIT "A" LEGAL DESCRIPTION TEMPORARY CONSTRUCTION EASEMENT APN 135-131-003-000

Certain real property situate in the County of Monterey, State of California, described as follows:

Being a temporary construction easement over a portion of the property described in the deed recorded on January 6, 1943 in Book 787 at Page 258, Official Records of said County, more particularly described as follows:

**Beginning** at a point on the northwesterly line of said property, said point of beginning being distant North 41° 00' 00" East, 831.98 feet from the most westerly corner of said property, thence from said point of beginning along the northwesterly line of said property

- 1) North 41° 00' 00" East, 236.95 feet; thence departing said northwesterly line
- 2) South 47° 14' 17" East, 50.02 feet to a point on the southeasterly line of said property; thence along said southeasterly line
- 3) South 41° 00' 00" West, 236.95 feet; thence departing said southeasterly line
- 4) North 47° 14' 17" West, 50.02 feet more or less to the Point of Beginning.

Containing an area of 11,848 square feet, more or less.

Attached hereto is a plat to accompany legal description, and by this reference made a part hereof

#### END OF DESCRIPTION

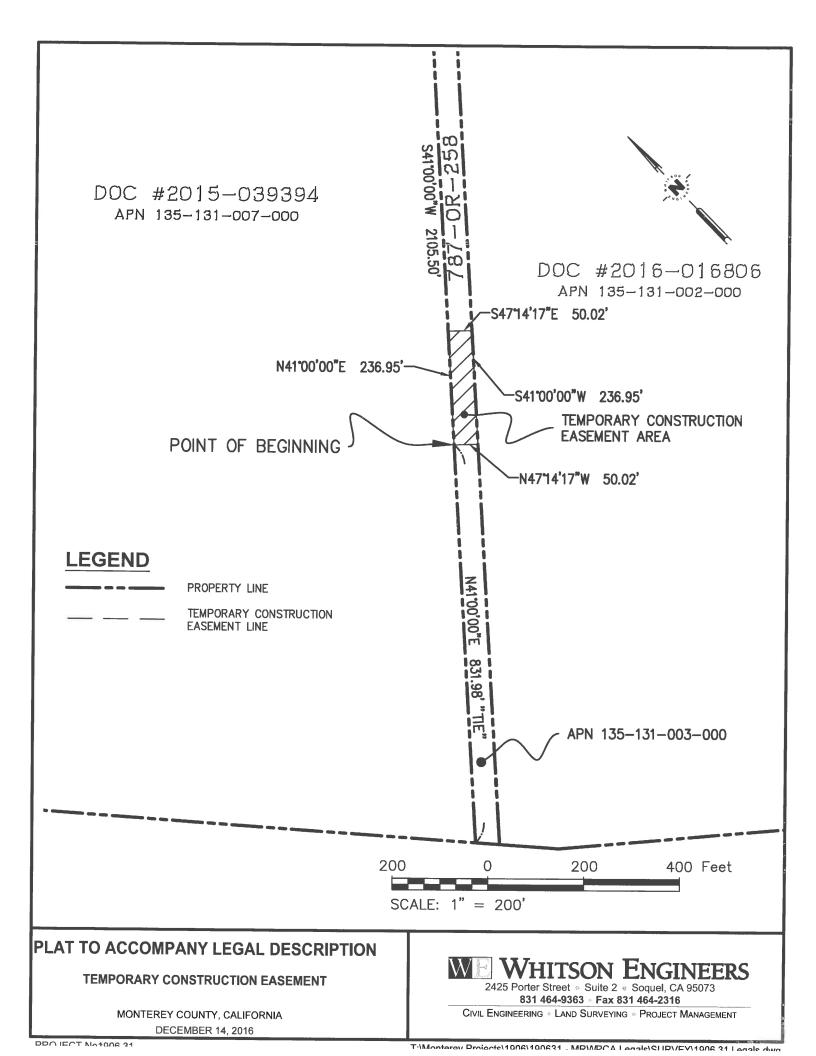
PREPARED BY:

WHITSON ENGINEERS

RICHARD P. WEBER P.L.S. L.S. NO. 8002



Job No.: 1906.31



### EXHIBIT "A" LEGAL DESCRIPTION PERMANENT EASEMENT APN 135-131-003-000

Certain real property situate in the County of Monterey, State of California, described as follows:

Being an easement over a portion of the property described in the deed recorded on January 6, 1943 in Book 787 at Page 258, Official Records of said County, more particularly described as follows:

**Beginning** at a point on the northwesterly line of said property, said point of beginning being distant North 41° 00' 00" East, 831.98 feet from the most westerly corner of said property, thence from said point of beginning along the northwesterly line of said property

- 1) North 41° 00' 00" East, 175.00 feet; thence departing said northwesterly line
- 2) South 47° 14' 17" East, 50.02 feet to a point on the southeasterly line of said property; thence along said southeasterly line
- 3) South 41° 00' 00" West, 175.00 feet; thence departing said southeasterly line
- 4) North 47° 14' 17" West, 50.02 feet more or less to the Point of Beginning.

Containing an area of 8,750 square feet, more or less.

Attached hereto is a plat to accompany legal description, and by this reference made a part hereof

# END OF DESCRIPTION

PREPARED BY:

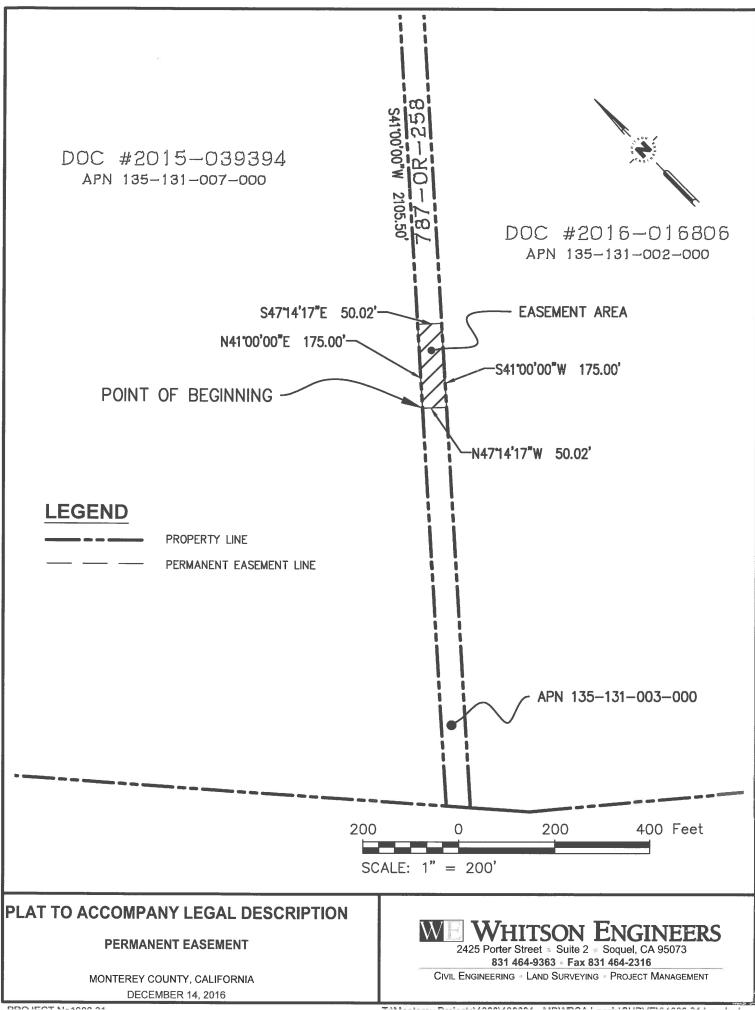
WHITSON ENGINEERS

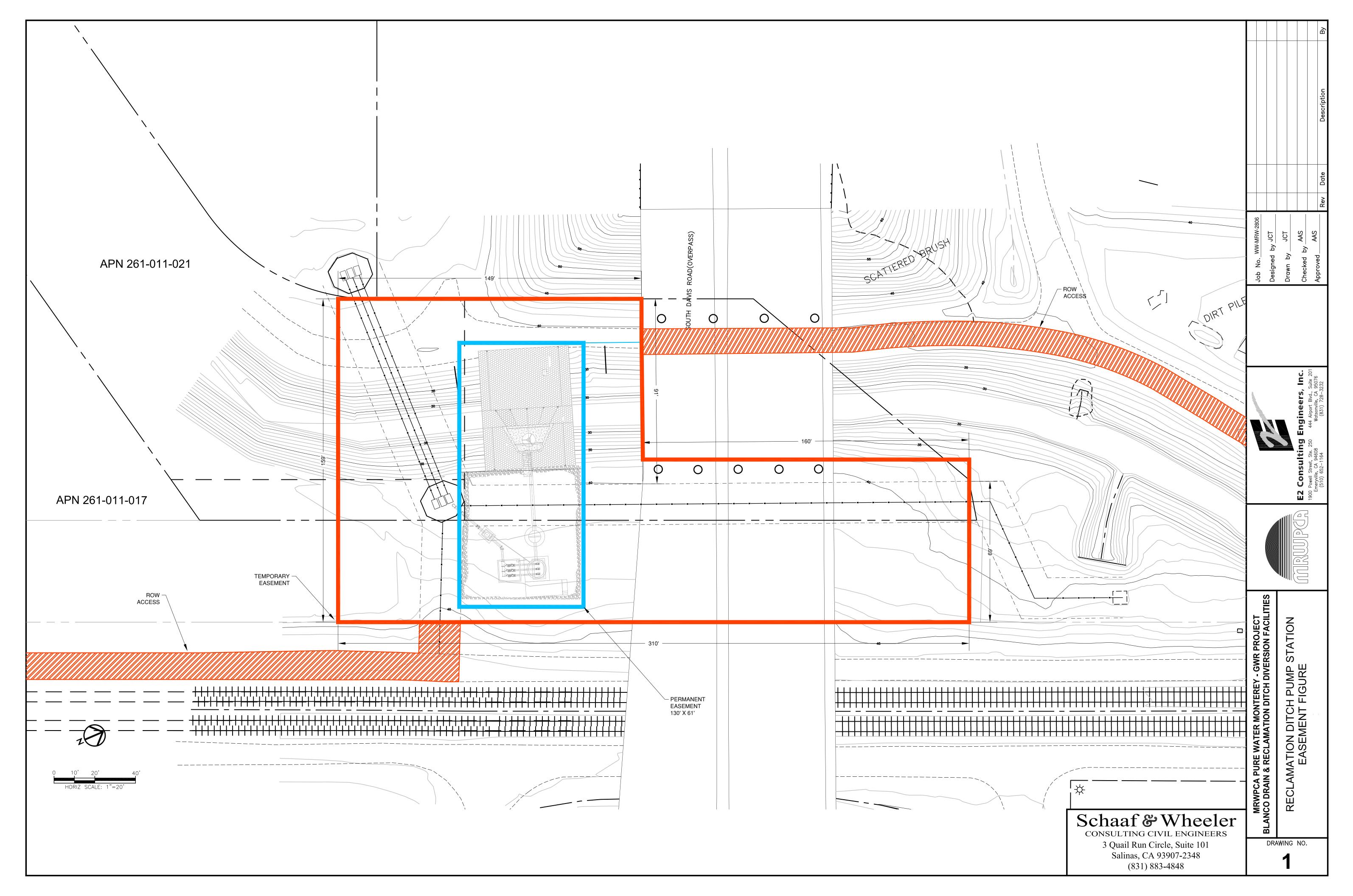


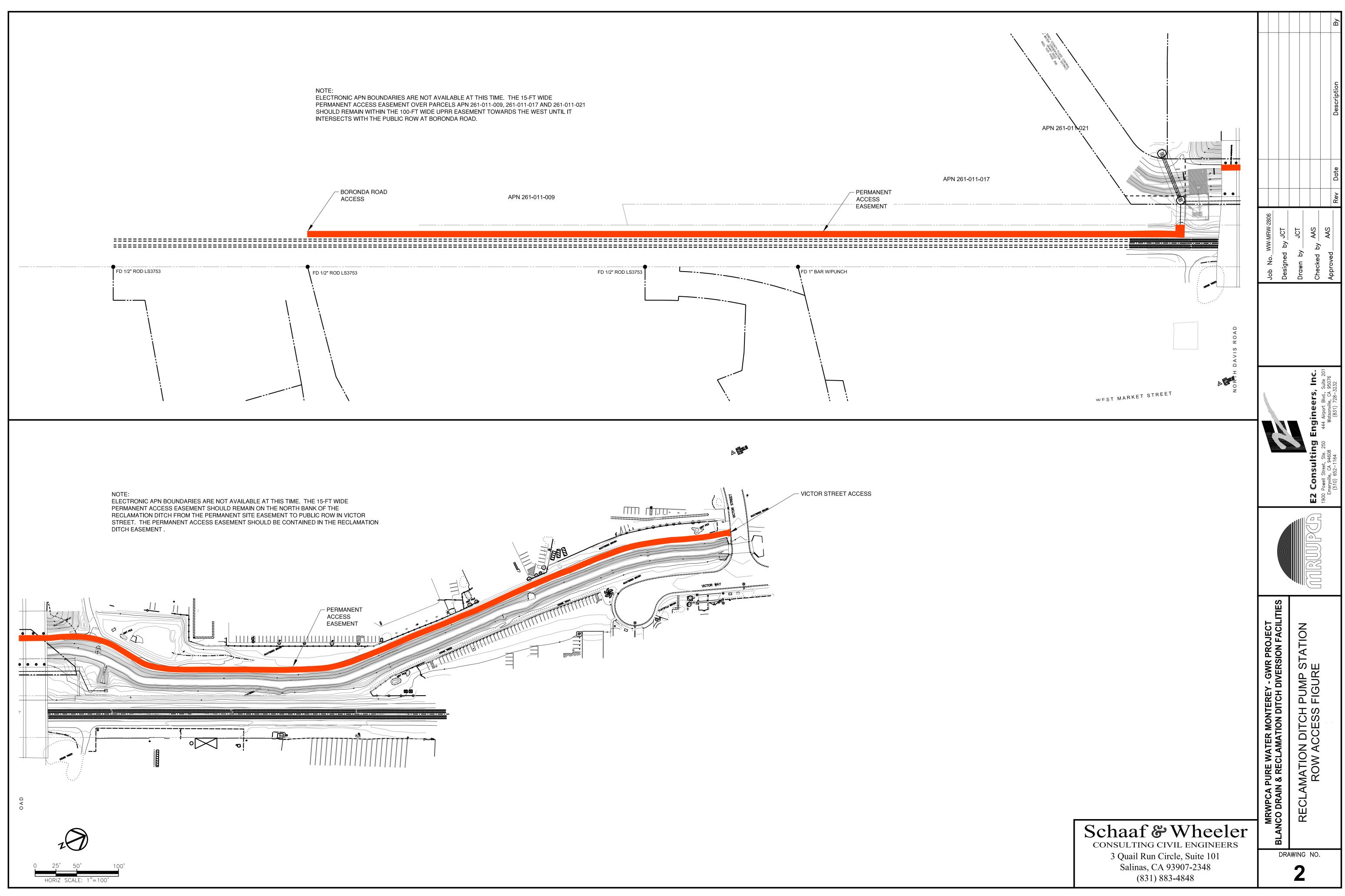
RICHARD P. WEBER P.L.S. L.S. NO. 8002



Job No.: 1906.31







#### 1/15/14

#### ORDINANCE NO.\_\_\_\_\_

## AN ORDINANCE OF THE MONTEREY COUNTY WATER RESOURCES AGENCY REPEALING ORDINANCE NO. 04065 AND ENACTING IN ITS PLACE, THIS ORDINANCE REGULATING THE LICENSING OF DOCKS AT NACIMIENTO LAKE AND ESTABLISHING DOCK LICENSING FEES

#### **County Counsel Summary**

This ordinance repeals Ordinance No. 04065 and enacts in its place, this ordinance, pertaining to licensing of docks at Lake Nacimiento, to provide (1) for an increase in dock fees from \$60 to \$120, (2) for an increase in additional slip fee from \$20 to \$40, (3) that any club or entity with a dock and slips exceeding 10 slips the fee shall be \$200 for each dock and \$100 for each additional slip. (4) that a non-operational (non-floating) fee of \$45 shall be established for all licensed docks that are out of the water, (5)(5) that applicant show proof of property ownership, such as a copy of tax bill or deed, where the dock is to be moored, or, in the alternative, provide a letter from a property owner granting permission for mooring, (6) (6)that a disposal fee shall be charged to the property owner and/or licensee for any dock determined to be a nuisance, with such a fee being \$400 for single slip docks and \$150 for each additional slip, (7) that the Agency has the right to remove moored docks not in compliance with this ordinance, (8) that the base price of the boat dock license shall be subject to adjustment on the anniversary of the commencement of this Ordinance, and on every anniversary thereafter (which anniversaries are referred to herein as "the license renewal date"), in accordance with the formula set forth below. (9) that the placement of buoy systems and log booms on the lake surface is subject for review by the Agency's Reservoir Operations Committee and approval by the Agency's General Manager.

The Board of Directors of the Monterey County Water Resources Agency repeals Ordinance No. 04065 and enacts, in its stead, this ordinance, to read as follows:

#### SECTION 1. REPEAL OF PRIOR ORDINANCE

Ordinance No. 04065 is hereby repealed.

#### SECTION 2. DEFINITIONS

The following definitions apply in this ordinance:

(a) "Agency" is the Monterey County Water Resources Agency.

(b) "Lake Nacimiento" or "lake" is the reservoir impounded by Nacimiento Dam in the County of San Luis Obispo.

(c) "General Manager" is the General Manager of the Agency, or an employee of the Agency authorized to act on behalf of the General Manager.

- (d) "Dock" is any structure, raft, or vessel designed to float on water and not designed primarily for transport including pontoon boats used as docks.
- (e) "Slip" means a portion of the "Dock" that is used for mooring additional boats and water craft other than the primary mooring for the first boat.
- (f) "Directors" is the Board of Directors of the Agency.
- (g) "Licensing year" is the period from April 1 of any year to March 31 of the following year. A license or renewal license is to be obtained for a licensing year sometime between April 1 and August 1. There will be a late fee imposed of \$20 if a renewal is obtained after August 1.
- (h) "Highwater mark" means the elevation or contour line that would be reached by the water in Lake Nacimiento when the lake is flowing over the top of the reservoir spillway, elevation 800 feet (NGVD 29). The lake is considered full when it is at the highwater mark.
- (i) "Licensee" is the person who applies for a dock license and the person to whom the license is issued.
- (j) "Non-Operational" means a dock that is non-floating but is located below the highwater mark. A dock left above the highwater mark or removed completely from the lake for a period of three consecutive years must resubmit an application and applicable fees prior to re-floating the dock.
- (k) "Price Index" means the Consumer Price Index –All Urban Consumers of the San Francisco-Oakland-San Jose, CA area published by the US Department of Labor Bureau of Labor Statistics (Bureau) and issued from time to time by the Bureau, or any other measure hereafter employed by the Bureau in lieu of such price index that measures the cost of living for all urban consumers in the San Francisco-Oakland-San Jose area.

# SECTION 3. DOCK LICENSE REQUIRED

It shall be unlawful for any person to construct, moor, maintain, own, operate or use any dock on or in the waters of Lake Nacimiento unless said dock is first licensed by the Agency in conformity with this ordinance.

# SECTION 4. INITIAL AND RENEWAL LICENSES

(a) Prior to the construction of a new dock or the floating of a new dock, a permit and license must be obtained from the Agency. Such permit and license shall be required even though at the time of construction or placement below the highwater mark, the lakebed is either dry or partially dry

- (b) The dock license must be renewed annually between April 1 and August 1. The renewal license shall expire on March 31 of the following year. A dock owner shall submit a non-operational fee of \$45 if the dock will not be used during the year but will remain below the high-water mark, whether or not the dock is floating.
- (c) If a previously registered dock that has been moved above the high-water mark and a non-operational fee has not been paid for more than three years, a new application shall be submitted to the Agency along with an application fee of \$250. The applicant shall provide all necessary documents as described in this Ordinance prior to the dock becoming licensed.

### SECTION 5. ANNUAL LICENSING FEE

Prior to issuance of an initial or renewal license, the licensee shall pay to the Agency an annual fee of \$120 per dock for all single-slip docks, or \$120 for the first slip plus \$40 for each additional slip for multiple-slip docks up to 10 slips. Any club or entity with a dock and slips exceeding 10 slips the fee shall be \$200 for the dock and \$100 for each additional slip. The General Manager shall determine the number of slips for which any particular dock is designed.

#### SECTION 6. CONSUMER PRICE INDEX

The base price of the boat dock license shall be subject to adjustment on the anniversary of the commencement of this Ordinance, and on every anniversary thereafter (which anniversaries are referred to herein as "the license renewal date"), in accordance with the formula set forth below. In applying the formula, the following definitions shall prevail:

- (a) "Price Index" means the Consumer Price Index –All Urban Consumers of the San Francisco-Oakland-San Jose, CA area published by the US Department of Labor Bureau of Labor Statistics (Bureau) and issued from time to time by the Bureau, or any other measure hereafter employed by the Bureau in lieu of such price index that measures the cost of living for all urban consumers in the San Francisco-Oakland-San Jose area.
- (b) "Base Index" is the price index for the month nearest the commencement date.
- (c) "Adjustment Index" is the price index for the month nearest the adjustment date.
- (d) If the Price Index for the month nearest to the adjustment date has increased over the Base Index, then the base price of the boat dock license shall be increased in the same proportion that the increase in the adjustment index bears to the base index. In no event will the base price of a boat dock license be less than \$120 for a floating dock or \$45 for a non-operational dock.

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#### SECTION 7. INDEMNITY AND INSURANCE

Before any initial license and any renewal license is issued by the General Manager, the licensee must file with the General Manager (a) a certificate of insurance issued by a company authorized to do insurance business in the state of California, providing that the insurer will give to the Agency thirty days' notice of cancellation, and (b) an agreement executed by the applicant holding the Agency and Monterey County and their officers, agents, and employees harmless for any damage or injury resulting from the installation or use of the dock. The insurance shall have a combined single limit of not less than \$1,000,000 for public liability and property damage. Those clubs or entities that have more than 10 slips shall have a combined single limit of not less than \$1,000,000 for public liability and property damage. The Supervisors may amend the required amount of insurance by resolution, and such amendment shall be effective for all initial and renewal licenses issued after the effective date of the resolution.

#### SECTION 8. LICENSING CONDITIONS

- (a) Each dock must be designed, constructed and maintained so that the dock or any of its parts will not capsize, break up, or slip its moorings and float at large on the surface of the lake.
- (b) Poly-foam, or some other waterproof plastic foam material (not styrofoam), or a commercially constructed float manufactured specifically for dock flotation acceptable to\_the General Manager shall be used for dock flotation. Steel barrels may not be used for dock flotation. Plastic barrels, or barrel-like floats designed and manufactured specifically for flotation may be used but must meet all of the following conditions: (i) they must be completely filled with a waterproof plastic foam material, (ii) contain no toxic material, (iii) structurally designed to be attached securely to the dock in such a manner that they cannot become detached even if the dock is completely upset, and (iv) be approved by the Agency prior to being placed within the highwater mark of the Lake.
- (c) Main dock anchorage shall consist of at least <sup>1</sup>/<sub>2</sub> inch diameter galvanized steel cable attached to anchorage with a combined weight of 2,500 pounds minimum. The anchorage shall be in two locations, one at or above the highwater mark elevation (800 feet above sea level) and one at the lowest Lake elevation that the dock is expected to float. The steel cable shall be strung between the two anchorage weights and the dock attached to the cable with a steel cable sling at each end of the dock. A light anchor or shore stake shall hold the dock near shore. The cable size and anchorage listed above are suitable for a dock with a dimension of 6 by 10 feet. Larger cable and heavier anchorage shall be used for larger docks (e.g., a 15 by 20 foot dock would require a <sup>3</sup>/<sub>4</sub> inch diameter main cable and an anchorage weight of at least 9,000 pounds).
- (d) An applicant shall submit proof of property ownership for the land on which his or her dock is to be moored. Proof must be in the form of a copy of a deed or a recent San Luis Obispo County Tax Assessor's bill showing the parcel number of

the property on which the dock is to be moored. If permission is granted by a property owner, other than the applicant, allowing the applicant to moor the dock, a letter shall be submitted by the property owner stating that permission is so granted, listing the name, address and telephone number of the applicant.

- (e) Any dock(s) constructed prior to the effective date of this ordinance shall be accepted for licensure provided it is in compliance with the provisions of this ordinance.
- (f) The General Manager shall not issue a license if in the opinion of the General Manager the dock does not comply with paragraphs (b) through (e), there is a substantial danger that the dock will not comply with paragraph (a).

### SECTION 9. DOCK LICENSE NUMBER

Each license issued pursuant to this ordinance shall be given an identifying number consisting only of integers. The licensee shall paint or affix in a permanent manner said number in three-inch high numerals on said dock such that the number is readily visible at a distance of 100 feet from a boat on the lake.

### SECTION 10. DOCKS FLOATING AT LARGE.

No licensee shall cause, suffer or permit any dock licensed to such licensee, or any part of such dock, to float at large upon the lake, without being tethered securely to a fixed location.

# SECTION 11. BUOY SYSTEMS OR LOG BOOMS PROTECTING BOAT DOCKS OR MARINAS

Boats, Boat Docks and Marinas generally are the only items that are authorized to float on the lake. The placement of buoy systems or log booms on the lake will require review by the Agency's Reservoir Operations Committee and approval by the General Manager. Any current floating buoy system or log boom (excluding buoy systems or log booms on MCWRA property or placed on the lake by representatives of Monterey County) not already reviewed by the Reservoir Operations Committee and approved by the General Manager, owners will be required to submit requests for approval to keep such floating devices in place.

#### SECTION 12. DENIAL OF LICENSE

The General Manager reserves the right to deny issuance of a license if the applicant has violated any of the terms of this ordinance prior to the license request or if the applicant is in arrears on any payments to the Agency

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#### SECTION 13. REVOCATION OF LICENSES

A license may be revoked for any of the following reasons:

- (a) the dock is used or maintained in violation of any of the requirements of this ordinance;
- (b) deterioration, damage, or inadequate maintenance renders the dock a hazard;
- (c) at any time during the licensing year the dock fails to meet any of the conditions required to be met at the time of licensure;
- (d) the insurance required to be maintained expires or is terminated without renewal during the licensing year;
- (e) the licensee transfers ownership or responsibility for the dock, without issuance of a new license for the new owner or responsible party; or
- (f) the dock, or any part of the dock, is found floating at large on the lake causing a hazard to other users of the lake, to the reservoir's outlet works, to any other Agency property, or to Agency personnel.

### SECTION 14. DISPOSAL FEE

Upon notice being provided to the property owner and/or licensee pursuant to Section 14, a disposal fee shall be charged to the property owner and/or licensee for any dock determined to be a nuisance pursuant to Section 16. The disposal fee for a single-slip dock is \$400 and \$200 for each additional slip for all multiple-slip docks.

#### SECTION 15. NON-TRANSFERABILITY OF LICENSES

Licenses issued under this ordinance are not transferable. If a dock is sold or if responsibility for the dock changes hands, a new license shall be applied for and issued for the dock. If such transfer occurs during the sale or title transfer of the property to which the dock is attached, the required license application and fees must become a part of the escrow or title transfer process.

#### SECTION 16. APPEALS

- (a) Any decision by the General Manager concerning the granting or revocation of a license under this ordinance may be appealed. Such appeal shall be in writing and shall be filed with the General Manager within ten days after the date on which the General Manager gives notice of the decision to the owner.
- (b) At the time of the filing of the appeal, the appellant shall pay to the Agency a filing fee of thirty-five dollars.

- (c) An appeal shall set forth specifically the points at issue, the reasons for the appeal, and wherein the appellant believes there was an error or abuse of discretion by the General Manager.
- (d) The appeal shall be heard by the Agency Board of Directors or its appointees. Upon receipt of the notice of appeal, the Board of Directors, or its appointees, shall set a date for public hearing thereon, giving notice thereof to the appellant. The Board of Directors, or its appointees, may reverse or affirm, wholly or partly, or may modify the decision appealed from, and may make such order, requirement, decision or determination as should be made in light of the existing requirements set forth in this ordinance or any resolutions enacted pursuant to this ordinance. The decision of the Board of Directors, or its appointees, shall be final.
- (e) If no decision is made by the Board of Directors, or its appointees, within ninety days after the date the appeal was filed with the General Manager, the appeal shall be deemed granted, except that this ninety-day period shall be extended by the length of all time extensions granted at the appealant's request in the appeal process.

#### SECTION 17. NOTICES

- (a) Any notice required under this ordinance shall be in writing and shall be given as provided in this section.
- (b) Except as otherwise provided in (c), below, notice shall be given by depositing the notice in the U.S. Mail, first class postage or better prepaid, addressed to the party to be noticed at his or her address last known to the General Manager. In such event, the notice shall be deemed given three days after the date on which the notice is so deposited in the mail.
- (c) Notice may also be given by affixing to the dock in question a copy of the notice and, if the dock in question is moored, then either before such posting or promptly thereafter, by depositing a copy of the notice in the U.S. Mail, first class postage or better prepaid, addressed to the owner of record of the land to which the dock is moored, at said owner's address shown on the tax assessor's records or other public documents. In such event, the notice shall be deemed given on the date the notice is posted on the dock.

#### SECTION 18. NUISANCES

(a) Any licensed or unlicensed dock or any part thereof is a public nuisance and may be summarily abated by the General Manager if such dock or part thereof is not properly maintained in accordance with the standards in this ordinance, tethered securely to a fixed location, and is (i) floating on the surface of the lake or (ii) aground within the highwater mark of the Lake and is subject to flotation on a rise of the Lake level.

(b) Summary abatement may include impoundment and/or destruction of the dock. , if the dock has been licensed, the dock shall not be destroyed until after (i) the General Manager gives notice to the licensee that the dock may be retrieved if the dock is brought into compliance with Agency regulations, and (ii) the licensee fails to bring the dock into compliance within thirty days of said notice or within such further time as the General Manager may grant. A towing fee of \$500 and a storage fee of \$0.05 sq.ft./day will be collected for each impounded dock.

#### SECTION 19. PENALTIES

- (a) Any person violating any of the provisions of this ordinance shall be guilty of an infraction which is punishable by a fine not to exceed \$100.00 for each violation.
- (b) Any violation which occurs or continues to occur from one day to the next shall be deemed a separate violation for each day during which such violation occurs or continues to occur.
- (c) If licensee fails to comply with the standards and requirements in this ordinance, the property owner shall assume full responsibility for all fees owed to the Agency, including any and all disposal fees and removal expenses as appropriate.
- (d) Agency shall have the right to remove, at the property owner's and/or licensee's expense, all licensed or unlicensed, tethered or untethered, boat docks not complying with the licensing conditions set forth herein.
- (e) Docks that are found unlicensed on the lake will be charged 1.5 times the licensing fees described in SECTION 5, and if not licensed within three months of notification of delinquency will be subject to impoundment as described in Section 18.

#### SECTION 20. SEVERABILITY

If any provision of this ordinance, or the application thereof to any person or circumstance, is held invalid by a court of competent jurisdiction, the remainder of the ordinance, or the application of such provision to other persons or circumstances, shall not be affected thereby.

#### SECTION 21. EFFECTIVE DATE

This Ordinance shall take effect on the thirty-first (31<sup>st</sup>) day after its adoption.

# DRAFT

PASSED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2014, by the following vote:

AYES:

NOES:

ABSENT:

Chair, Monterey County Water Resources Agency Board of Supervisors

ATTEST:

LEW BAUMAN Clerk of the Board

By\_\_\_

Deputy