

September 5, 2012

WATER SUPPLY MASTER PLAN for THE CANNERY Davis, California



MACKAY & SOMPS
ENGINEERS PLANNERS SURVEYORS

THE CANNERY WATER SUPPLY MASTER PLAN

TABLE OF CONTENTS

EXECUTIVE SUMMARY

- 1. THE CANNERY DEVELOPMENT APPLICATION**
- 2. ESTIMATED WATER DEMANDS**
- 3. EXISTING WATER FACILITIES**
- 4. WATER SYSTEM LOOPING CONSIDERATIONS**
- 5. CANNERY WELLS / RECYCLED WATER / LANDSCAPE IRRIGATION**

FIGURES

Figure 1 – Vicinity Map

Figure 2 – Land Use Map

Figure 3 – Existing Water Facilities

Figure 4 – Potential Non-Potable Water Supply

Table 1 – Proposed Land Uses

Table 2 – Potable Water Demands

Attachment A – Water Well Agreement

THE CANNERY WATER SUPPLY MASTER PLAN

EXECUTIVE SUMMARY

This water supply master plan is intended to provide water related information needed for California Environmental Quality Act (CEQA) analysis of a proposed development known as The Cannery in Davis California.

The estimated total water demands for The Cannery are as follows:

Average Daily Demand	=	229.0 gpm
Maximum Daily Demand	=	488.4 gpm
Peak Hour Demand	=	1,123.4 gpm
Average Annual Water Demand	=	369.4 acre-feet

These estimates are based on the water demand factors established by City staff provided in an August 1, 2012 Utility Guidance Letter.

Water supply for the project is secured by the November 1, 2005 Water Well Agreement (the “Agreement”) between Pole Line Road Holding Company, LLC (Lewis) and the City (copy attached as Attachment A). Under the terms of the Agreement the City will provide water service to the project so long as the demands of the project are less than the capacity of the new well (City Well Number 33).

Specifically, Section VII of the Agreement states that a material consideration for Lewis to develop the well was to assure an adequate source of water for development of the property provided the production volume of the well exceeds the total projected water demand of the development proposed for the property. This commitment for service is also contingent upon the City conveying the well to the City. This condition was satisfied on September 5, 2008 when the well site was deeded to the City by Lewis.

The capacity of the well, which has been rated at 1,750 gallons per minutes, exceeds the peak hour demands of the project, which are conservatively estimated at 1,123.4 gallons per minute. Additionally, the annual production capacity of the well, assuming a 67% duty factor, is approximately 1,890 acre-feet. This is significantly more than the estimated average annual water demand for the project (369.4 acre-feet). Clearly, Well No. 33 has the capacity to serve the water demands of the project.

Since the well has been conveyed to the City and the production volume of the well exceeds the projected demand for water from the project, the conditions of the Agreement have been satisfied and the project's water supply has been secured. Accordingly, the project is not burdened with demonstrating the sufficiency of or the need to provide any additional source of water supply for the development under the Subdivision Map Act or other applicable regulations.

The City of Davis is supplied entirely from groundwater. The Water Supply Assessment (WSA) for the Covell Village Project (November 5, 2004) demonstrated that the City's water supply, the intermediate and deep aquifers lying below the City, provide a reliable water supply during prolonged dry periods. The City is not projecting reduced water supplies as a result of a short duration period (up to four years), based on its experience from recent droughts, including the 1986-1992 drought, and diversification of supplies amongst the intermediate and deep aquifers accomplished since the most recent dry period.

The WSA also indicates the City's water supply will remain constant during normal year, single dry year and multiple dry year scenarios. It is, therefore, the conclusion of this master plan that a sufficient water supply exists for the project during normal, single dry and multiple dry years.

City Staff has indicated there are neither any known deficiencies in the City's existing system nor any potential deficiencies that will be exacerbated by development of The Cannery. Nonetheless, analysis of the City's existing water storage and distribution system will be the subject of modeling to be performed as part of the EIR.

1. THE CANNERY DEVELOPMENT APPLICATION

The Cannery project is located in the City of Davis and comprises 100+/- acres of land formerly used as a cannery for tomato products. The property is currently owned by ConAgra Foods and was the site of a tomato canning facility previously operated by Hunt Wesson. The City limits are coincident with the north and east property lines of the ConAgra property. **Figure 1 -Vicinity Map** shows the general location of the property.

An application for development of The Cannery project was filed in September, 2010. Following extensive planning input from many sources, the proposed development plan has been formulated to include a mixture of land uses as shown on **Figure 2 – Land Use Map**. The following is a summary of the proposed development:

Table 1 – Proposed Land Uses

	Acreage	Units
Low Density	14.8	96
Medium Density	25.2	240
High Density	10.0	250
Mixed Use	15.0	236,000 sq ft (incl. 24 DU)
Recreation/Clubhouse	1.0	-
Parks and Greenbelts	32.2	-
Well Site	0.2	-
TOTALS	98.4	610

2. ESTIMATED PROJECT WATER DEMANDS

Table 2 shows The Cannery project’s estimated water demands. Unit water demand factors listed therein are as directed by City staff provided in an August 1, 2012 Utility Guidance Letter.

The estimated total water demands for The Cannery are as follows:

Average Daily Demand	=	229.0 gpm
Maximum Daily Demand	=	488.4 gpm
Peak Hour Demand	=	1123.4 gpm
Average Annual Water Demand	=	369.4 acre-feet

Table 2

Preliminary Potable Water Demands for The Cannery (Based on February 1, 2012 Land Use Plan)																	
Demand	Low Density Res		Medium Density Res		High Density Res		Commercial		Clubhouse		Parks/Open Space		Totals		Total Demand		
	Dwelling Units	Avg. Day Demand (gpm)	Dwelling Units	Avg. Day Demand (gpm)	Dwelling Units	Avg. Day Demand (gpm)	Acres ⁽²⁾	Avg. Day Demand (gpm)	Acres ⁽²⁾	Avg. Day Demand (gpm)	Acres	Avg. Day Demand (gpm)	Dwelling Units	Acres	Average Day Demand (gpm)	Maximum Day Demand (gpm)	Peak Hour Demand ⁽⁶⁾ (gpm)
	450 gpd/unit ⁽³⁾	0.336 gpm/unit ⁽⁴⁾	225 gpd/unit ⁽³⁾	0.168 gpm/unit ⁽⁴⁾	225 gpd/unit ⁽³⁾	0.168 gpm/unit ⁽⁴⁾	2125 gpd/acre ⁽³⁾	1.586 gpm/acre ⁽⁴⁾	2,500 gpd/acre ⁽³⁾	1.87 gpm/acre ⁽⁴⁾	4.0 acre-feet/ac/yr ⁽⁵⁾	4.30 acre-feet/ac/yr ⁽⁴⁾					
Low Density Residential	96	32.3											96	14.8	32.3	64.5	116.1
Medium Density Residential			240.0	40.3									240	24.9	40.3	80.6	145.2
High Density Residential					250.0	42.0							250	10.0	42.0	84.0	151.2
Mixed Use Residential @HDR Rate					24.0	4.0							24	Incl.	4.0	8.1	14.5
Commercial							15.0	23.8	1.0	1.9				16.0	23.8	47.6	85.6
Parks / OS / Greenbelts / Paseos											32.5	86.6		32.5	86.6	203.6	610.8
Public/Quasi-Public											0.2	0.0		0.2	0.0	0.0	0.0
Total Area (Lots)	96		240		274								610				
Total Area (Acres)	14.8		25.9		10.7		15.0		1.0		32.7			98.4			
Total Demand (gpm)		32.3		40.3		46.0		23.8		1.9		86.6			229.0	488.4	1,123.4

Notes:

- (1) Land Use data is per February 1, 2012 Land Use Plan by HLA
- (2) Commercial Acreage per information provided by George Phillips of ConAgra
- (3) Design flows were established by the Davis Public Works Department and provided in an August 1, 2012 Utility Guidance Letter
- (4) Unit demand factors include an additional 7.5% for system losses.
- (5) Park Demands are not included in the Davis Public Works Design Standards. Irrigation demands determined as follows:
 Assume turf irrigation to be conservative.
 Annual Turf Irrigation Demand in Sacramento Valley Region = 43.32 inches/Year = 3.61 AF/Ac/Year (say 4 feet per year to be conservative).
 Annual Irrigation Demand = 4.00 AF/Ac/Year x 107.5% for System Losses = 4.30 AF/Ac/Year
 Average Monthly Irrigation Demand = 4.3 inches / month
 Maximum Monthly Irrigation Demand = 9.11 inches (turf irrigation demand in July) = 9.11/43.32 of Annual Demand or 21.0% of Annual = 10.09 inches per month
 Average Daily Demand (gpm) = ((4.30 AF/Ac/Yr x Park Acreage) x 43,560 cf/AF x 7.48 Gallons per cf) / 365 days/year) / 1,440 minutes per day
 Maximum Day Demand (gpm) = Average Day Demand x ((Max. Monthly Irrigation Demand / Average Monthly Irrigation Demand) = 10.09/4.30 = 2.35)
 Peak Hour Demand (gpm) = Maximum Day Demand x (24 hours / 8 hour irrigation period) = Maximum Day Demand x 3.0
- (6) Total Peak Hour Demand may be lower than shown since the peak domestic demands for residential/commercial land uses occurs early morning and early evening, but the peak irrigation demands of park and open space land uses will occur mostly at night.

It is important to note that the peak hour demand may actually be less than shown above. The peak domestic demands for residential and commercial land uses occurs early morning and early evening, but the peak irrigation demands of park and open space land uses will occur mostly at night.

Accordingly, the peak hourly demand of the project could actually be closer to 513.4 gpm, the peak hourly demand of the residential/commercial land uses, since the parks/open space peak hour demands are estimated at 610.8 gpm. It is likely due to several reasons, principally the fact that it is difficult to control the timing and practices of irrigation users, that the peak hour demand for The Cannery will be somewhere between 513.4 gpm and 1,123.4 gpm.

3. EXISTING WATER FACILITIES

Existing City of Davis wells and water mains in the vicinity of the project are shown on **Figure 3 – Existing Water Facilities**.

Supply, Storage and Pressure

The City of Davis owns and operates a well that is located in the southwest corner of the project site (Well No. 33). This well was constructed in 2007 under a Water Well Agreement (copy attached as Attachment A) between Pole Line Road Holding Company, LLC (Lewis) and the City of Davis dated November 1, 2005. The well went into operation in 2007 and the City exercised its right to acquire the well in 2008 by purchasing the well from Lewis on September 5, 2008 (DOC-2008-0027667-00 Official Records of Yolo County Records Office).

Section VII of the Water Well Agreement stipulates that the well will secure water supply for the project provided the demands of the project are less than the capacity of the well and the completed well is conveyed to the City. The capacity of the well, which has been rated at 1,750 gallons per minutes, exceeds the peak hour demands of the project, which are estimated at 1,123.4 gallons per minute. Accordingly, the water supply for the project has been secured.

The average annual water demand for the project is estimated to be 369.4 acre-feet. Assuming a duty factor for the City's existing on-site well of 67%, the annual production of the well, assuming a pumping capacity of 1,750 gpm, is estimated to be approximately 1,890 acre-feet. Clearly, the well has sufficient capacity to meet the average annual, average daily, maximum daily and peak hourly water demands of the project.

The City of Davis is supplied entirely from groundwater. The Water Supply Assessment (WSA) for the Covell Village Project (November 5, 2004) demonstrated that the City's water supply, the intermediate and deep aquifers lying below the City, provide a reliable water supply during prolonged dry periods. The WSA reports that the City "is not projecting reduced water supplies as a result of a short duration period (up to four years), based on its experience from recent droughts, including the 1986-1992 drought, and diversification of supplies amongst the intermediate and deep aquifers accomplished since the most

recent dry period”.¹ The WSA also indicates the City’s water supply will remain constant during normal year, single dry year and multiple dry year scenarios.²

Since the well has been conveyed to the City and the production volume of the well exceeds the projected demand for water from the project, the project is neither burdened with demonstrating the sufficiency of its water supply nor will it need to provide any additional source of water for the development under the Subdivision Map Act or other applicable regulations.

Further, as stated above, the City’s water supply is constant during normal, dry and multiple dry years. Accordingly, it is the conclusion of this master plan that a sufficient water supply exists for the project during normal, single dry and multiple dry years.

City staff has indicated the existing City storage capacity should be adequate to accommodate the project. Since the capacity of the well exceeds the peak hour demand of the project, there doesn’t appear to be a need for diurnal storage within the project limits. The impact this project may have on system storage requirements will be studied and confirmed as part of the EIR analysis.

City staff has indicated the existing pressure should be adequate to meet project demands including fire flows. The impact this project may have on system pressures will be studied and confirmed as part of the EIR analysis.

The City is also planning on participating in the Davis Woodland Water Supply Project (DWWSP) in cooperation with the City of Woodland and the Woodland-Davis Clean Water Agency (WDCWA). The DWWSP will deliver treated Sacramento River surface water to the City near the Project location, (see Exhibit 3). If and when this project is completed, the City intends to discontinue use of the remaining intermediate depth aquifer wells and rely solely on the surface water and the deep aquifer water supply sources.

The timing and level of participation of the City in the DWWSP is currently under discussion by the City. Additionally, the City’s Water Advisory Committee (WAC) has not yet narrowed the alternatives being considered. Accordingly, the West Sacramento alternative is still under consideration.

The Cannery project will be required to demonstrate that Well No. 33 will meet noise limits set in the Municipal Code and any limits noted in the EIR. The developer will be required to issue a disclosure of the well and of the noise inherent to all prospective property owners (commercial or residential) within 500-feet of the well. Adequate space will be needed for a contractor to build a temporary sound wall around the well site to accommodate drilling of future replacement well.

The existing drain line from Well No. 33 will need to be maintained with its discharge point located a minimum of 50-feet from the wellhead. Sanitary sewer

¹ City of Davis Water Supply Assessment for Covell Village (November 5, 2004), Page 6.

² Ibid.

and storm drain facilities are to be kept a minimum of 50-feet from the wellhead, (provision to be made for future, replacement wellhead location as well). The Woodland-Davis Surface Pipeline is planned to be routed around future well site expansion (pipeline should not run through well site). Depending on the alternative selected by WAC, the exact alignment of the Woodland-Davis Surface Pipeline may change.

4. WATER SYSTEM LOOPING CONSIDERATIONS

The project is proposing two points of connection (at or near the project entry roads) to an existing 10-inch diameter water main in Covell Blvd. As mentioned earlier, the EIR analysis will study system pressures, including those within the project. If this analysis fails to confirm adequate pressures at the northern end of the proposed development (farthest away from Covell Blvd.) with these two points of connection, a third connection will be made to an existing 6-inch diameter water line in Faro Street by crossing F Street, the F Street Channel and the UPRR tracks.

5. CANNERY WELLS / RECYCLED WATER / LANDSCAPE IRRIGATION

When the Hunt cannery was in operation on the project site, four onsite wells were used to supply water to the facility (see Exhibit 4). Well No. 4 appears to have been abandoned since it was not observed during a site visit on April 24, 2012. However, the Yolo County Health Department has no records of any well abandonments on the property. The status of the three remaining wells is unknown, although these wells were observed during the April 24 site visit. While the wells themselves exist, the wellhead equipment has been removed. It may be possible to refurbish one or more of the wells. The most likely use of the water from these wells, if they could be made productive again, would be for irrigating the on-site parks, open space and urban farm areas.

In general, City staff has expressed an interest in irrigating open spaces with non-potable water; however, there are no existing non-potable water supply systems in the vicinity of the project. Nonetheless, City staff has indicated the City would be receptive to ConAgra supplying its own non-potable water from shallow on-site wells that do not affect the deep aquifer. In concept, ConAgra could restore one or more of the old on-site wells, or develop new irrigation wells, and operate them privately (or possibly turn them over to the City for operation and maintenance).

Without a project-provided non-potable supply (such as shallow wells), any non-potable provisions made within the project would have to rely on the potable water supply until a conversion to a future City provided non-potable system could be made.

If it is appropriate to anticipate a future non-potable supply, then locations where non-potable irrigation could occur on-site could be identified. Major landscaped areas (i.e. parks, trails, common areas, as well as the Urban Farm) can be served from a future non-potable water supply operated and maintained by the City.

Attachment A – Water Well Agreement

Recording requested by and Mail to:

City of Davis
Attn: Robert Weir
23 Russell Blvd.
Davis, CA 95616

WATER WELL AGREEMENT
("Agreement")

PARTIES: This Agreement is made this 1st day of November 2005 by and between the City of Davis ("City") and Pole Line Road Holding Company, LLC, a Delaware limited liability company ("Lewis")

RECITALS:

- A. Lewis owns certain property ("Lewis Property") located within the City. The Lewis Property is depicted on the map attached as Exhibit "A."
- B. City and Lewis have previously entered into a Potable Water Supply Service Agreement, dated July 27, 2004 (the "Existing PWSSA") whereby the City has produced water from a well on the Lewis Property for use in the City's municipal water distribution system (the "Existing Well"). The Existing Well, however, has deteriorated with age and its production volume has been reduced. City and Lewis desire that a replacement well be constructed to replace the Existing Well.
- C. Lewis and City wish to make provision for the testing, design, construction, use and operation of a replacement water well (the "Replacement Well") on the Lewis Property, and the abandonment of the Existing Well.

I. REPLACEMENT WELL SITE and WATER FACILITIES.

- A. The Replacement Well Site ("Site") shall consist of the Well Parcel, and Easements, as set forth below. The Site shall remain the property of Lewis until the Site and the Water Facilities (defined below) are conveyed to the City according to Sections VII or VIII herein. City shall have the right to use the Site and the Water Facilities according to the terms of a new Potable Water Supply

Service Agreement in the form of Exhibit "B" hereto (the "New PWSSA") and as provided in Section VI hereof. City and Lewis hereby stipulate, for purposes of this Agreement only, that the reasonable value of the Site is \$100,000.00 (the "Site Value"). In the event all or any portion of the Property, Site, or Water Facilities is the subject of a condemnation action, neither this Agreement, nor the Site Value may be used as evidence of valuation of the property which is the subject of that action.

1. WELL PARCEL: The Replacement Well shall be constructed within a parcel of land approximately 100' X 100' located within the Lewis Property as shown on Exhibit B attached hereto (the "Well Parcel"). The actual size and configuration of the Well Parcel will be determined during the Testing Phase, as set forth in Section III, A, with consideration given to existing pipeline access and right of way access for future maintenance and operation of the Replacement Well, as well as taking into consideration the future needs, requirements, and constraints, of Lewis for development of the Lewis Property under Section VII. Lewis shall retain ownership of the Well Parcel until title is conveyed to City according to Sections VII or VIII hereof.
2. EASEMENTS/ACCESS: If the Well Parcel and Water Facilities, are conveyed by Lewis to City, as provided herein, the conveyance shall include easements necessary for the City's use and enjoyment of the Water Facilities (the "Easements") to be located in a manner that will provide the least interference with the future development, use and enjoyment of the Lewis Property by Lewis and Lewis' successors in interest. The Easements shall include easements for the use, maintenance, repair and replacement of the pipelines and utilities constructed as part of the Water Facilities, and for access to the Water Facilities over the Property within rights of way designated by Lewis. The location and size of the Easements shall be included by Lewis as part of the design of the Water Facilities provided Lewis shall retain the exclusive right to relocate such Easements (and the Water Facilities within the Easements) as necessary to permit the future use and development of the Lewis Property at Lewis' cost and expense. Such relocation of Easements and Water Facilities shall be subject to City's reasonable approval, and shall not impair materially the City's ability or right to use the Water Facilities.

B. The Water Facilities shall consist of the Replacement Well, pumping plant and appurtenances, including a separate power supply, metering equipment and related utility line and connection, and the outlet pipelines. Subject to the terms of the New PWSSA, the Water Facilities shall remain the property of LEWIS until they are conveyed to the City as provided herein.

1. The Replacement Well, pumping plant, and appurtenances shall consist of a completed and fully operational water well and pumping plant certified by the Department of Health Services ("DHS"), together with a pump

house, perimeter fencing and landscape screening to be compatible with future land uses on the Lewis Property.

2. The outlet pipelines shall consist of a buried water main and buried flush line, together with valving and appurtenances from the Water Well to connections to the City's municipal water distribution and storm drain systems in Covell Road and/or flood control channel located west of the Property boundary.

II. REGULATORY COMPLIANCE.

CITY shall, with the cooperation of Lewis, complete any and all documentation and take all other actions necessary to (i) comply with the California Environmental Quality Act (ii) comply with all requirements of DHS, including all testing and permitting requirements, and (iii) comply with all requirements of the State and Regional Water Quality Control Board, including all NPDES requirements, all with respect to execution and implementation of this Water Well Agreement, the abandonment of the Existing Well, and the design, construction and operation of the Water Facilities. City shall be responsible for the payment of costs associated with ensuring regulatory compliance of the Water Facilities.

III. TESTING, DESIGN AND CONSTRUCTION.

- A. TESTING PHASE. The parties acknowledge that drilling and equipping the Replacement Well requires the drilling of a pilot hole and conducting tests (the "Pilot Tests") to determine the depths, yields and quality of the subterranean water bearing strata underlying the Well Parcel. The Pilot Tests shall be conducted by Lewis at its expense, provided City shall collect all groundwater samples from the Pilot Well and analyze these samples as necessary to determine the water quality at City's expense. City and Lewis shall, during the Testing Phase, and consistent with sound engineering and well development practices, mutually approve the final location of the Replacement Well, Well Facilities, Well Parcel and Easements (the "Testing Phase Approval"). From and after the Testing Phase Approval, the City shall assume all risk of water yield and water quality from the selected Site and shall be required to lease and/or purchase the Site and Water Facilities as set forth in Sections VI and VIII notwithstanding such water yield or water quality. If the parties determine, following the pilot hole boring, that the water yield or water quality from the selected Site is not suitable, they shall meet and confer in good faith to determine whether (1) to proceed with development of the Replacement Well at the selected location, subject to such remedial measures as the parties shall agree; or (2) to relocate the pilot well and the Site to another location on the Lewis Property. In the event Lewis and City cannot reach agreement on either (1) or (2) above, then, upon thirty (30) days prior written notice to the other party, either party may elect to abandon the Replacement Well project and cancel this Agreement. Lewis shall maintain a complete record of the costs incurred by Lewis to complete the Testing Phase. In the event that the parties decide on options (1) or (2) above, the costs associated therewith shall be treated as a Project Cost according to Section V hereof. In the

event that the parties decide to abandon the Replacement Well Project , City shall pay to Lewis 50% all costs incurred to that date by Lewis; provided, City shall bear 100% of all sampling and testing costs, Neither party shall unreasonably withhold concurrence in regard to groundwater production zones, the design of the water well and pumping plant, or the suitability of the Site and pilot hole for development of the replacement water well.

B. DESIGN PHASE. Lewis shall contract for the design of the Water Facilities and all utilities and appurtenances necessary for the operation thereof. Said design shall meet City's generally applicable design standards and generally accepted engineering standards and shall be subject to review and approval by CITY, which approval shall not be withheld unreasonably. Lewis shall maintain a complete record of the cost to design the Water Facilities and all utilities and appurtenances necessary for the operation thereof.

C. CONSTRUCTION PHASE. Lewis shall contract for the construction of the Water Facilities and all utilities, including a separate power connection and meter, and appurtenances necessary for the operation thereof, according to the approved design. City shall have the opportunity for reasonable observation and verification of proper construction. Lewis shall require its contractor to pay prevailing wages according to Labor Code §§ 1720, *et seq.* Lewis shall (i) require its contractors and subcontractors to submit certified copies of payroll records to Lewis; (ii) maintain complete copies of such certified payroll records; and (iii) make such records available to the City and its designees for inspection and copying during regular business hours at the Property or at another location within the City. Lewis shall indemnify and hold harmless City and its officers, employees, agents and representatives from and against any and all present and future liabilities, obligations, orders, claims, damages, fines, penalties and expenses (including attorneys' fees and costs), arising out of or in any way connected with Lewis's obligation to pay prevailing wages in accordance with Labor Code §§ 1720, *et seq.*, including all claims that may be made by contractors, subcontractors or other third party claimants pursuant to Labor Code Sections 1726 and/or 1781, as amended and added by Senate Bill 966. Lewis shall maintain a complete record of the costs to construct the Water Facilities and all utilities and appurtenances necessary for the operation thereof. Construction shall be complete when Lewis has recorded a notice of completion.

C. SELECTION OF CONTRACTORS. In selecting contractors for the testing, design and construction phases of this project, Lewis shall solicit proposals from not less than three separate contractors for each phase of the work, and shall contract with the lowest responsible bidder for said work. Lewis shall, until completion of the Water Facilities and acceptance by the City for use, indemnify and hold harmless City and its officers, employees, agents and representatives from and against any and all present and future liabilities, obligations, orders, claims, damages, fines, penalties and expenses (including attorneys' fees and costs), arising out of or in any way connected with work conducted by Lewis or

its contractors as contemplated in this Agreement, excepting any claims arising from negligence or willful misconduct City or its contractors.

- D. SCHEDULE. The parties agree, subject to any Force Majeure Event (as defined below), to use their commercially reasonable efforts to complete the Testing, Design and Construction phases in accordance with the schedule attached hereto as Exhibit "D".

IV. TERMINATION EXISTING PWSSA/ABANDONMENT OF EXISTING WELL.

When the Water Facilities are complete as provide in Section III, C hereof, the Existing PWSSA shall terminate and the Existing Well and related appurtenances shall be abandoned, destroyed, and/or removed in accordance with all applicable laws (the "Abandonment"). Lewis shall contract for and complete such Abandonment consistent with the existing and future uses and development of the Lewis Property by Lewis. The Abandonment of the Existing Well shall be completed at Lewis's sole cost and expense.

V. PROJECT COSTS.

Project Costs shall consist of sum total of all of the following as generally identified below and more specifically described in Exhibit "E" attached hereto (the "Project Cost Schedule"), except that the total Project Cost shall not exceed \$1,500,000, unless the parties mutually agree in writing to the amount and purpose of any cost overruns. Lewis shall notify City in writing of any anticipated cost overrun and seek agreement from City prior to incurrence of any cost overrun. City shall provide a written response to Lewis stating the City's consent to or refusal to consent to the cost overrun within 30 days of receipt of written notification from Lewis. In the event that Lewis incurs costs of greater than \$1,500,000 without written consent of the City provided in accordance with this Paragraph, Lewis shall be solely responsible for the payment of all amount due in excess of \$1,500,000; provided Lewis may elect to terminate this Agreement, including the Existing PWSSA and the New PWSSA if the City does not agree to increase the \$1,500,000 cap wherever such cap exists in this Agreement by the amount of such cost overruns. In the event that Lewis terminates the Agreement under the terms of this Section, Lewis shall convey the Site and all improvements located on or made to the Site at the time of termination to the City for the Project Costs incurred as of the date of such termination, inclusive of the Site Cost, and, following conveyance of the Site and improvements to City, Lewis shall cease to have any further obligation to City under this Agreement except as provided in Section VIA for the Existing PWSSA or under Section I.A(2). This conveyance shall occur through escrow in accordance with Section VIII. The Project Cost Schedule shall be updated by Lewis as necessary:

1. SITE: The fair market value of the Site as determined in Section I, A hereof.
2. TESTING: The cost to drill and test the pilot well (excepting sampling costs paid by the City) as provided in Section III, A hereof.
3. WATER FACILITY DESIGN: The cost to design the Water Facilities as provided in Section III, B hereof.

4. WATER FACILITY CONSTRUCTION: The cost to construct the Water Facilities as provided in Section III, C hereof.
5. ABANDONMENT OF EXISTING WELL: The costs to abandon the Existing Well under Section IV.

VI. EXTENSION OF EXISTING PWSSA/NEW PWSSA:

- A. The term of the Existing PWSSA shall be extended by the parties from July 27, 2005 to the earlier of (i) completion of the Replacement Well, or (ii) July 27, 2007. For purposes of this Section, the Replacement Well shall be deemed complete at such time that the Replacement Well is fully permitted, connected to the City water system and pumping water.
- B. FORM OF AGREEMENT: Concurrently with the completion of the Replacement Well, the parties shall execute the New Potable Water Supply Service Agreement in the form attached hereto as Exhibit C.
- C. EFFECTIVE DATE: The New PWSSA shall be effective upon the date when the notice of completion of the Water Facilities is recorded as required by Section III, C hereof (the "Effective Date").
- D. TERM: The term of the New PWSSA shall be for two years from the Effective Date.
- E. PWSSA PRICE: Lewis shall invoice City and City shall pay to Lewis, quarterly in advance, a sum equal to two and one-half percent (2½%) of the total Project Costs as determined in Section V hereof as consideration for the New PWSSA.
- F. OPERATION AND MAINTENANCE: CITY shall be solely responsible for all costs of operating and maintaining the Water Facilities and City shall maintain and deliver to Lewis quarterly (the "Quarterly Report") a complete record of the quantity of water produced by the Water Facilities the prior quarter.
- G. PERMITS: CITY, at its sole cost, shall obtain any and all permits and comply with all laws associated with operating the Water Facilities as part of City's municipal water supply system.
- H. EXTENSION OF TERM: If, at the end of the two year term of the New PWSSA, Lewis has not either (1) dedicated the Site and Water Facilities to City under Section VII hereof; or (2) exercised its right to sell under Section VIII hereof, the term of the New PWSSA shall extend for successive one year periods subject to Lewis' right to terminate the New PWSSA upon one hundred eighty (180) days prior written notice to City. If the term is extended, the City shall pay, in addition to the amounts required by Section VI, E hereof, a volumetric charge of \$175 per acre foot water produced by City from the Water Facilities. The Volumetric Charge shall be paid quarterly based upon the Quarterly Report.

VII. FUTURE DEVELOPMENT OF THE LEWIS PROPERTY; DEDICATION OF WATER FACILITIES TO CITY.

Without making any commitment to Lewis or providing any assurances for development approvals for future land uses on the Lewis Property, City acknowledges that Lewis may seek future land use approval(s) from City for proposed development of the Lewis Property. A material consideration for Lewis to develop the Water Facilities is to assure an adequate source of water for any such future land use development on the Lewis Property. If (1) the production volume of the Water Facilities exceeds the total projected demand of the development proposed for the Lewis Property; and (2) Lewis has conveyed or offers to convey the Water Facilities to the City in accordance with the terms of either Section V or VIII of this Agreement, then City shall not require Lewis to demonstrate the sufficiency of or to provide any additional source of water supply to serve the development proposed for the Lewis Property under the Subdivision Map Act or after applicable regulations. Nothing in this Agreement shall limit in any way Lewis's obligation to pay all applicable impact fees levied in accordance with all applicable laws against any development projects that are approved on the Lewis Property.

VIII. LEWIS SALE:

A. At anytime not less than one year following completion of construction and issuance of all permits and approvals required for the operation of the Water Facilities, Lewis, in its sole discretion may deliver a written notice of sale to the City, whereupon the City shall, purchase the Site and Water Facilities for an amount equal to the Project Costs as provided in Section V hereof (subject to the \$1,500,000 cap or any increase thereto approved by the City under Section V) (the "Purchase Price"). Lewis shall open escrow for this sale at Chicago Title Company, 2901 K Street, Suite 390, Sacramento, California 95816, Attn: Sue Heimbichner, by delivering escrow a copy of the Notice of Sale. City shall deposit the Purchase Price into escrow within sixty (60) days after opening of escrow and Lewis shall deposit the deed to the Well Parcel which shall include the Easements the next business day after City deposits the Purchase Price.

IX. GENERAL PROVISIONS:

A. NOTICES. No notice, request, demand, instruction, or other document to be given hereunder to any party shall be effective for any purpose unless personally delivered to the person at the appropriate address set forth below (in which event such notice shall be deemed effective only upon such delivery), delivered by air courier next-day delivery (e.g. Federal Express), delivered by mail, sent by registered mail or certified mail, return receipt requested, or telecopied, as follows:

To Lewis:

Pole Line Road Holding Company, LLC
Attn: William B. Mellerup
9216 Kiefer Blvd.
Sacramento, CA 95826
Fax: 916.364.9353

Copy to:

Lewis Operating Corp.

Attn: General Counsel
1156 N. Mountain Ave.
Upland, CA 91786-3633
909.949.6725

To City: City of Davis
Attn: Robert Weir
23 Russell Blvd.
Davis, CA 95616
Fax: 530.758.4738

Notices delivered by air courier shall be deemed to have been given the next business day after deposit with the courier and notices mailed shall be deemed to have been given on the second business day following deposit of same in any United States Post Office mailbox in the state to which the notice is addressed or on the third business day following deposit in any such post office box other than in the state to which the notice is addressed, postage prepaid, addressed as set forth above. Notices telecopied shall be deemed delivered the same business day received. The addresses, addressees, and telecopy number for the purpose of this Paragraph, may be changed by giving written notice of such change in the manner herein provided for giving notice. Unless and until such written notice of change is received, the last address and addressee and telecopy number stated by written notice, or provided herein if no such written notice of change has been received, shall be deemed to continue in effect for all purposes hereunder.

B. TIME: Time is of the essence for each provision of this Agreement of which time is a factor.

C. ATTORNEYS' FEES: In the event of any action or proceeding brought by either party against the other under this Agreement, inclusive of all appeals of any such actions or proceedings, the prevailing party shall be entitled to recover, as determined by the Court, reasonable costs and expenses, including, without limitation, attorneys' fees, expert witness fees, and court costs, incurred for prosecution, defense, consultation, or advice in such action or proceeding.

D. MERGER/AMENDMENT: It is agreed that all understandings and agreements heretofore had between the parties respecting the transactions contemplated by this Agreement are superseded by this Agreement, which fully and completely expresses the agreement of the Parties. There are no representations, warranties, or agreements, as between the parties hereto, concerning the subject matter of this transaction, except as specifically and expressly set forth in this Agreement. This Agreement may only be amended, modified, or supplemented by a written document executed by Lewis and City.

E. CHOICE OF LAW: This Agreement shall be governed and construed in accordance with the laws of the State of California.

F. COUNTERPARTS: This Agreement, and any amendments hereto, may be signed in multiple counterparts, which together shall constitute the complete Agreement.

G. SEVERABILITY: If any term, provision, condition, or covenant of this Agreement, or the application thereof to any party or circumstance shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement or the application of the term, provision, condition, or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby. Each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

H. NO THIRD PARTY BENEFICIARY: This Agreement is between City and Lewis only and no third party is intended expressly or by implication to be benefited hereby.

I. NO REPRESENTATIONS OR WARRANTIES: Lewis makes no representations or warranties, including any warranties of reliability or fitness, relating to the Site, the Existing Well, the Replacement Well, or the water, and City acknowledges that it will use the Replacement Well in its "as is, where is" condition.

J. NO WATER RIGHTS: City acknowledges and agrees that Lewis is not granting to City any water rights owned by Lewis except the nonexclusive right to pump water from the subject wells during the terms of the Existing and New PWSSAs which right shall terminate upon termination of each PWSSA unless the Site and Water Facilities are dedicated or sold to City under Sections VII or VIII in this Agreement.

K. FORCE MAJEURE EVENT: If either party is delayed at any time in meeting the obligations herein undertaken by any act or neglect of the other Party, or by changes ordered or approved by the other, or by labor disputes, fire, unusual delay in transportation, adverse weather conditions not reasonably anticipatable, unavoidable casualties, or any causes beyond the party's reasonable control, then the time for completion shall be extended for such reasonable time as may compensate for such occurrences.

CITY OF DAVIS,
A Municipal Corporation,
State of California

Bill Antonen

James W. Antonen
City Manager

APPROVED AS TO FORM:

Harriet Steiner

Harriet A. Steiner
City Attorney

WBF:\km\949\G2355A-DavisWaterWellAgmt
101905

POLE LINE ROAD HOLDING COMPANY, LLC, a
Delaware limited liability company

By: NORTH MOUNTAIN CORPORATION,
a California corporation – Its Sole Manager

By: William B Mellerup
William B Mellerup
Authorized Agent

By: Douglas V. Mull
Douglas V. Mull
Authorized Agent

EXHIBIT A

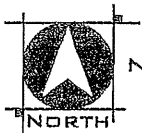
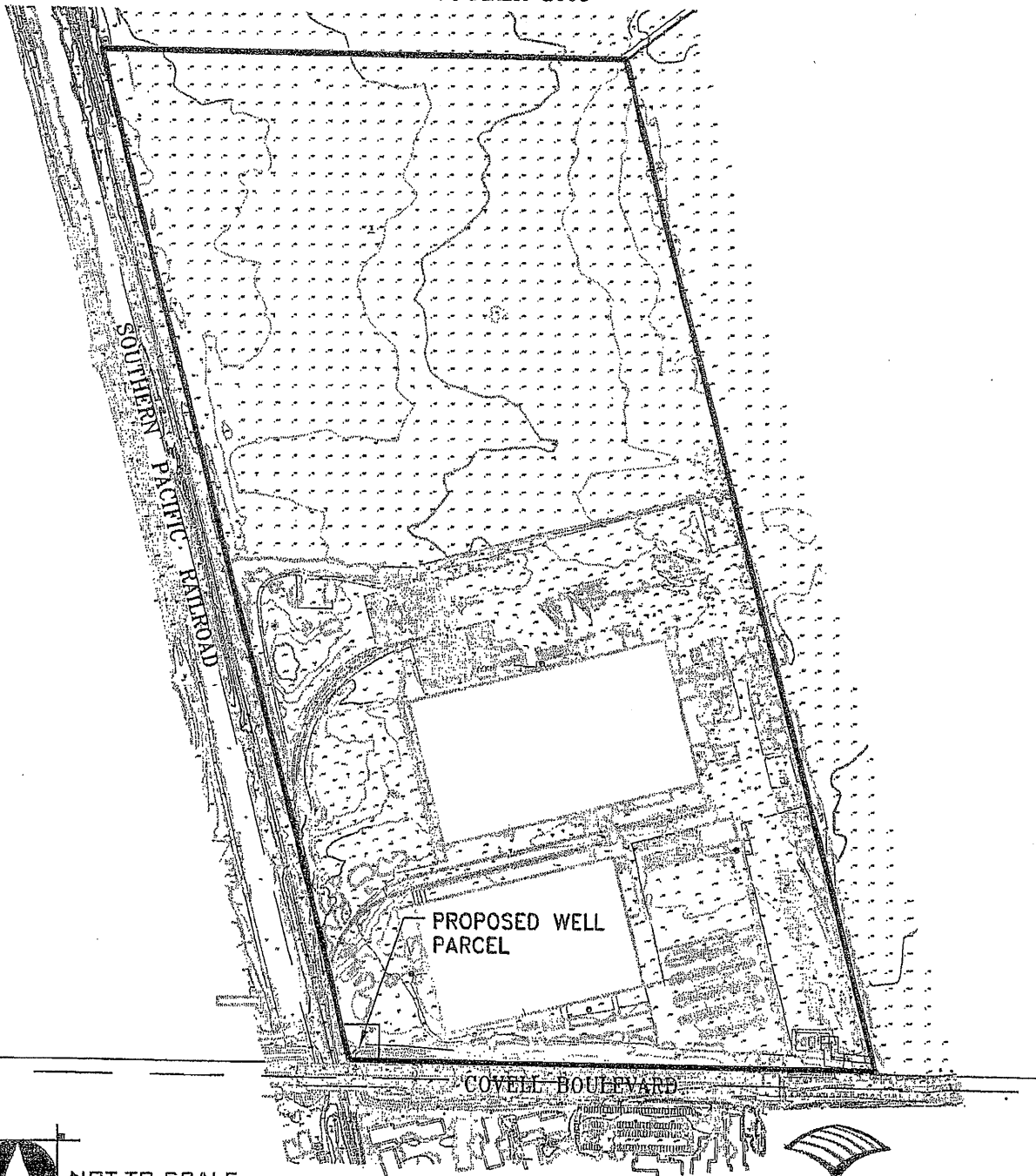
LEWIS PROPERTY

LEWIS PLANNED COMMUNITIES

CITY OF DAVIS

CALIFORNIA

OCTOBER 2005



NOT TO SCALE

WOOD RODGERS
ENGINEERING • MAPPING • PLANNING • SURVEYING

3301 C St, Bldg. 100-B Tel 916.341.7760
Sacramento, CA 95816 Fax 916.341.7767

Exhibit B
Potable Water Supply Service Agreement
Between the City of Davis and Pole Line Road Holding Company, LLC

This Potable Water Supply Service Agreement ("Agreement") is made and entered into this ___ day of _____, _____, (the "Effective Date") by and between Pole Line Road Holding Company, LLC, a Delaware limited liability company ("Lewis"), and the City of Davis, a Municipal Corporation.

In consideration of mutual promises herein contained, it is hereby agreed as follows:

1. City and Lewis agree that City will have access to and the right to pump and use water from Lewis's Deep Well ("LDW") depicted in Exhibit A, without restrictions as set forth in this Agreement. Lewis shall invoice City and City shall pay to Lewis, quarterly in advance, a sum equal to two and one-half percent (2½%) of the total Project Costs as determined in Section V of that certain Water Well Agreement, dated _____, by and between Lewis and City, a copy of which is attached as Exhibit B, Water Well Agreement.
2. City's use is a temporary use only during the effective period of this agreement and there is no express or implied relinquishment of any Lewis water rights, if any, to the City.
3. The City shall be solely responsible for all expenses associated with operating and maintaining LDW. This includes any testing, monitoring, replacement of equipment, replacement and maintenance of service connections between the City's and Lewis's water systems, and any other related tasks and responsibilities associated with maintaining and operating a water system and water service in accordance with standard practices and procedures as recognized by AWWA and regulators of the water system and all in accordance with the Water Well Agreement.
4. City shall provide a chlorine contingency plan including MSDS disclosures, emergency response and containment plan, and City shall be responsible for any and all chlorine handling and emergency situations.
5. City will be solely responsible for any special California Department of Health Services (DHS) requirements placed on the City as a condition of permitting the City to use LDW in accordance with the conditions of this agreement and the Water Well Agreement.
6. Only authorized trained City water system operators and staff shall have access to the City/Lewis water system connection and operations. All site visits shall be coordinated between designated City and Lewis representatives, generally with at least 24 hours notice. No notice shall be required in the event of an emergency; however, City shall give notice to Lewis of the emergency and the actions taken to remedy the emergency.

7. The City shall operate LDW using only qualified operators. All operational maintenance will be performed as required by City staff. If LDW fails to operate for any reason, the City will contact the designated LDW representative before any corrective action is taken; provided that City shall take any action required to stabilize the situation, if necessary.
8. The City will comply with all applicable federal, state and local laws, ordinances, and regulations relating to the City's use of the premises, well and water for a municipal potable water supply including but not limited to the handling any chemicals for treatment of water or well equipment at the site. The City shall not release or dispose of any hazardous materials on the premises provided, however, that the parties understand and agree that City may chlorinate the water at the well, as set forth above. The City is solely responsible for making sure the water is at all times safe for human consumption.
9. The City shall indemnify Lewis against all liability, claims or damages arising from City's use of the well and water and the treatment and delivery of the same for human consumption. City shall also indemnify Lewis against liability, claims or damages resulting from City's failure to comply with this agreement and injuries suffered by City's employees or contractors while on the well site, including but not limited to, failure of the well site work area to comply with OSHA. Lewis acknowledges that City is self-insured for general liability insurance, worker's compensation, and employer's liability coverage. City shall provide Lewis with a description and proof of City's self-insurance coverage program prior to execution of this Agreement.
10. Lewis may terminate this agreement at any time if City fails to cure any default within 15 days after notice of same. Otherwise, this agreement shall remain in effect until the earlier of (i) such time that either or both parties desire to terminate this agreement with 90-day written notice, or (ii) two years from the Effective Date, unless Lewis and City agree on an extension, in writing.
11. No party to this Agreement may assign any right or obligation pursuant to this Agreement. Any attempted or purported assignment of any right or obligation pursuant to this Agreement shall be void and of no effect.
12. The City's designated representative for the purposes of this agreement shall be Robert Weir. LIC's representative for the purposes of this Agreement shall be William B. Mellerup. The parties may change their respective representatives by giving notice to the other party.
13. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other, shall be in writing and either served personally or sent by United States certified mail, return receipt requested or faxed (receipt of all faxed notices shall be acknowledged by the receiving party, addressed as follows:

To LIC: Pole Line Road Holding Company, LLC
Attn: William B. Mellerup
9216 Kiefer Blvd.
Sacramento, CA 95826
Fax: 916-364-9353

Copy to: Lewis Operating Corp.
Attention: General Counsel
1156 N. Mountain Ave
Upland, CA 91786
Fax: 909-949-6725

To City: City of Davis
Attn: Robert Weir
23 Russell Boulevard
Davis, California 95616
Fax: 530-758-4738

14. No Representations or Warranties: Lewis makes not representations or warranties, including any warranties of reliability or fitness, relating to the well, the well equipment, or the water, and City acknowledges that it is using the well in its "as is, where is" condition.
15. No Water Rights: City acknowledges and agrees that Lewis is not granting to City any water rights owned by Lewis except the nonexclusive right to pump water from the subject well during the term of this Agreement which right shall terminate in accordance with Paragraph 10 above

Executed as of the day first above stated.

City of Davis
A Municipal Corporation,
State of California

POLE LINE ROAD HOLDING COMPANY,
LLC, a Delaware limited liability company

By: NORTH MOUNTAIN
CORPORATION,
a California corporation – Its Sole Manager

Jim Antonen
City Manager

By: _____
Name: _____
Its: Authorized Agent

Approved As To Form:

By: _____
Name: _____
Its: Authorized Agent

Harriet A. Steiner
City Attorney

EXHIBIT C

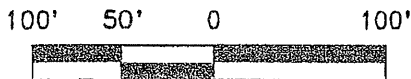
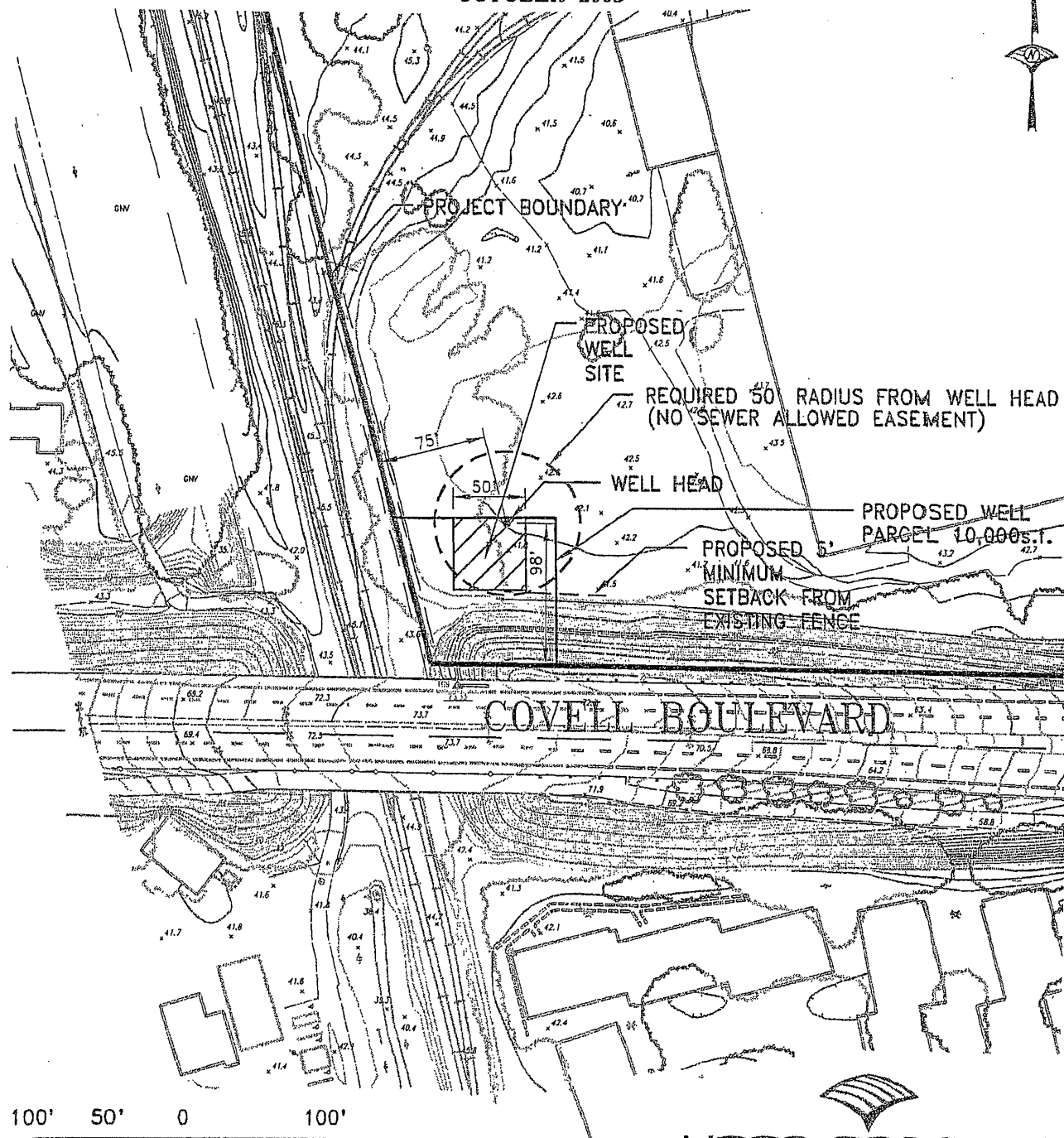
LEWIS PROPERTY

LEWIS PLANNED COMMUNITIES

CITY OF DAVIS

CALIFORNIA

OCTOBER 2005



SCALE: 1" = 100'



WOOD RODGERS
ENGINEERING - MAPPING - PLANNING - SURVEYING

3301 C St, Bldg. 100-B Tel 916.341.7760
Sacramento, CA 95816 Fax 916.341.7767

Exhibit D
Lewis Property - Replacement Well Schedule

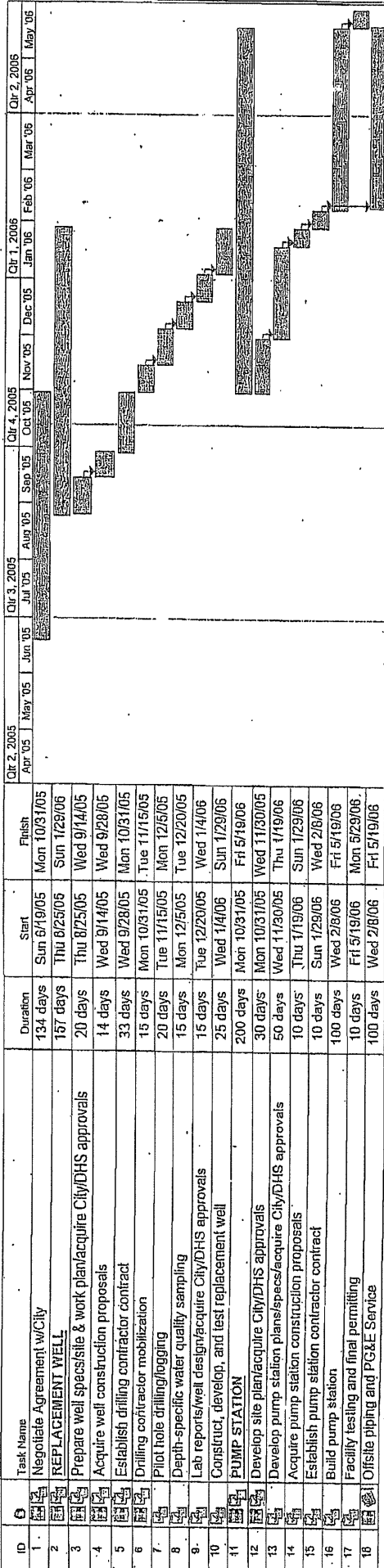
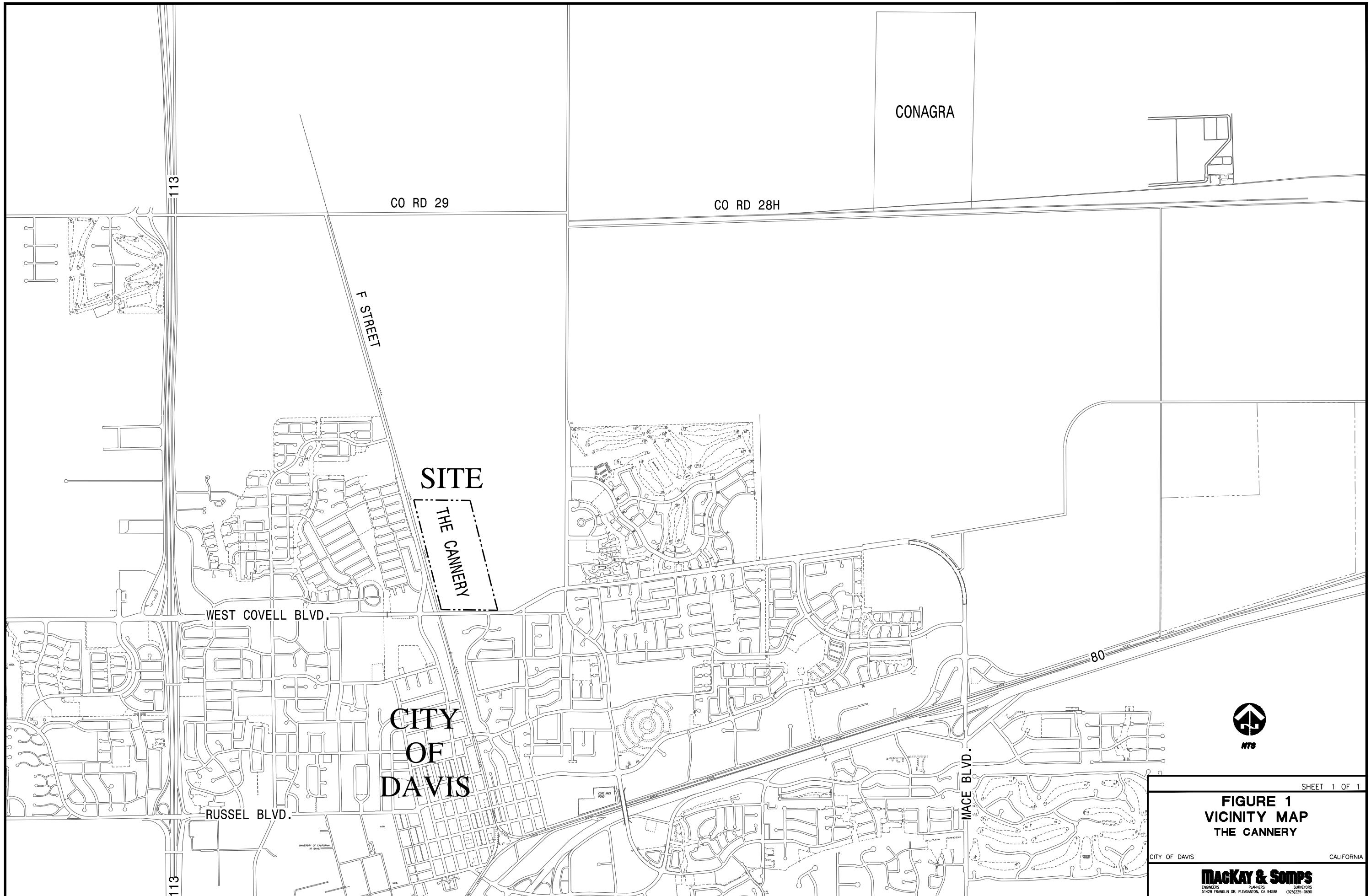


EXHIBIT E
ESTIMATED PROJECT COSTS

<u>SITE</u>	<u>ITEM OF WORK</u>	<u>ESTIMATED COST</u>
		\$100,000
<u>REPLACEMENT WELL COSTS</u>		
	a) Mobilization/demobilization	\$57,750
	b) Test hole, geophysical logging, and depth-specific water sampling	\$177,650
	c) Well drilling and construction	\$399,001
	d) Well development	\$34,650
	d) Well development	<u>\$8,710</u>
	subtotal	\$675,761
<u>REPLACEMENT WELL PUMPING PLANT COSTS</u>		
	a) Site work (clear/grub, grade, clean up, etc.)	\$16,500
	b) Concrete structures (facility pad, pedestals, access, etc.)	\$33,000
	c) Well pump and facility piping and valves	\$125,400
	d) Motor control center and facility electrical	\$110,000
	e) Painting, fencing and gate	\$15,400
	f) Well disinfection, operational testing, contingency	<u>\$29,700</u>
	subtotal	\$330,000
<u>REPLACEMENT WELL OFF SITE PIPING COSTS</u>		
<u>(DISTRIBUTION SYSTEM)</u>		
	a) Est. 1,500' of 12" ductile iron pipe @ \$105/linear foot	\$157,500
	b) <u>Less</u> 1,500' of 8" ductile iron pipe @ \$64/linear foot (1)	<u>-\$96,000</u>
	subtotal	\$61,500
<u>REPLACEMENT WELL COSTS ASSOCIATED WITH NEW ELECTRICAL SERVICE</u>		
	Electrical distribution and service	\$50,000
<u>OLD FACILITIES REMOVAL / ABANDONMENT</u>		
	Well destruction costs	\$60,000
<u>REPLACEMENT WELL - CONSULTING & ENGINEERING</u>		
	a) Engineering design, project coordination, and construction management costs (Brown and Caldwell, Reece Consulting, other Engineering/Consultants)	\$200,000
	PROJECT TOTAL	\$1,477,261
	<u>PROJECT CONTINGENCY AT 10%</u>	<u>\$147,726</u>
	ESTIMATED GRAND TOTAL	\$1,624,987



SHEET 1 OF 1

**FIGURE 1
VICINITY MAP
THE CANNERY**

CITY OF DAVIS CALIFORNIA

Mackay & Somps
ENGINEERS PLANNERS SURVEYORS
3142B FRANKLIN DR., PLEASANTON, CA 94588 (925)225-0690



February 1, 2012



The Cannery

Illustrative Land Plan

Davis, California

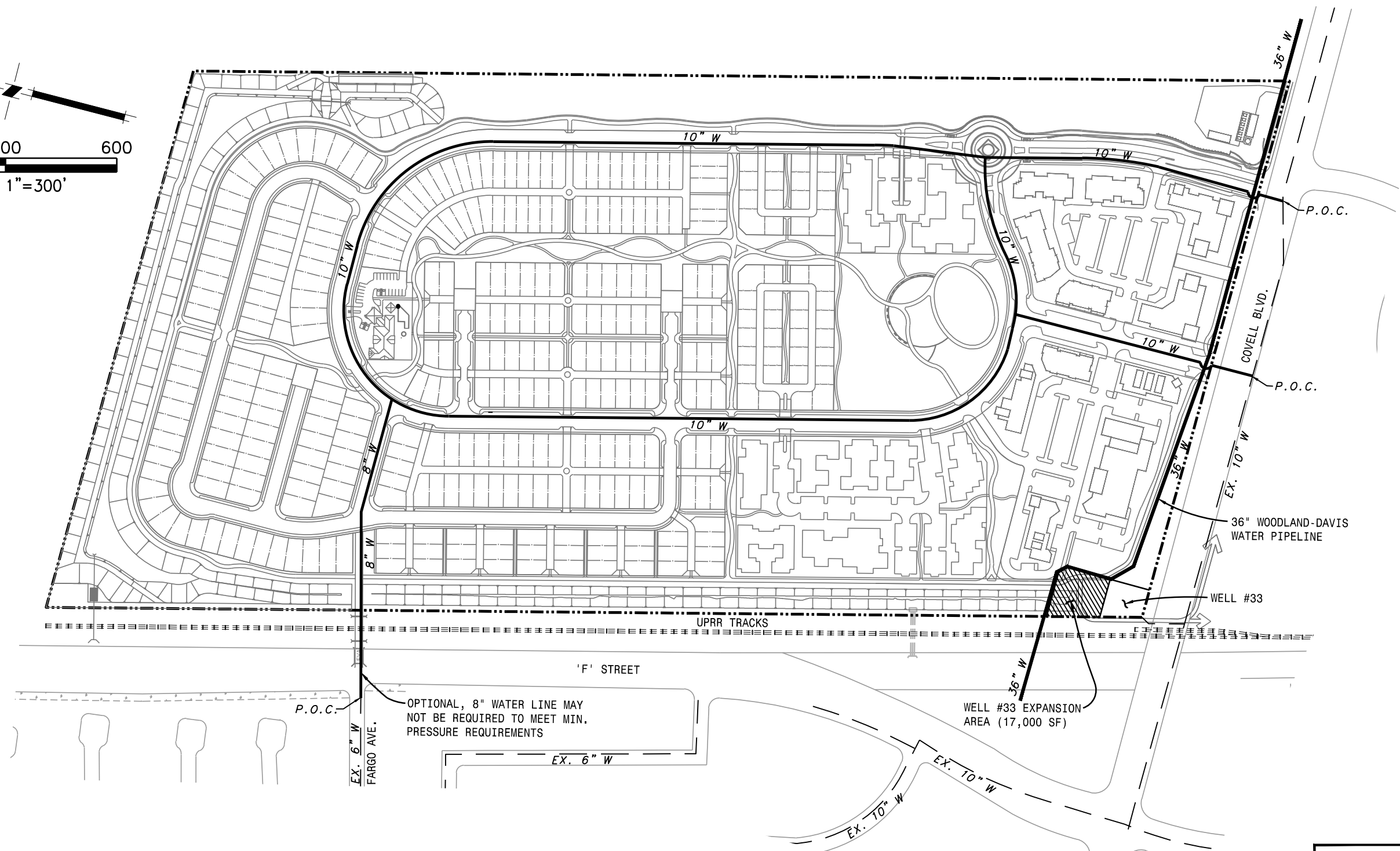
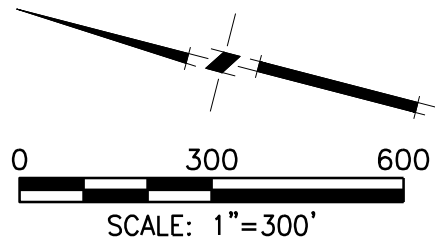
The HLA Group, Landscapes, Architecture & Planning, Inc.
 1010 Southwest Street, Suite 200, Sacramento, California 95811
 916-447-7307 / www.hla-group.com

SHEET 1 OF 1

FIGURE 2
CONCEPTUAL LAND PLAN
THE CANNERY

CITY OF DAVIS CALIFORNIA

MACKAY & SOMPS
 ENGINEERS PLANNERS SURVEYORS
 51428 FRANKLIN DR., PLEASANTON, CA 94588 (925)225-0690

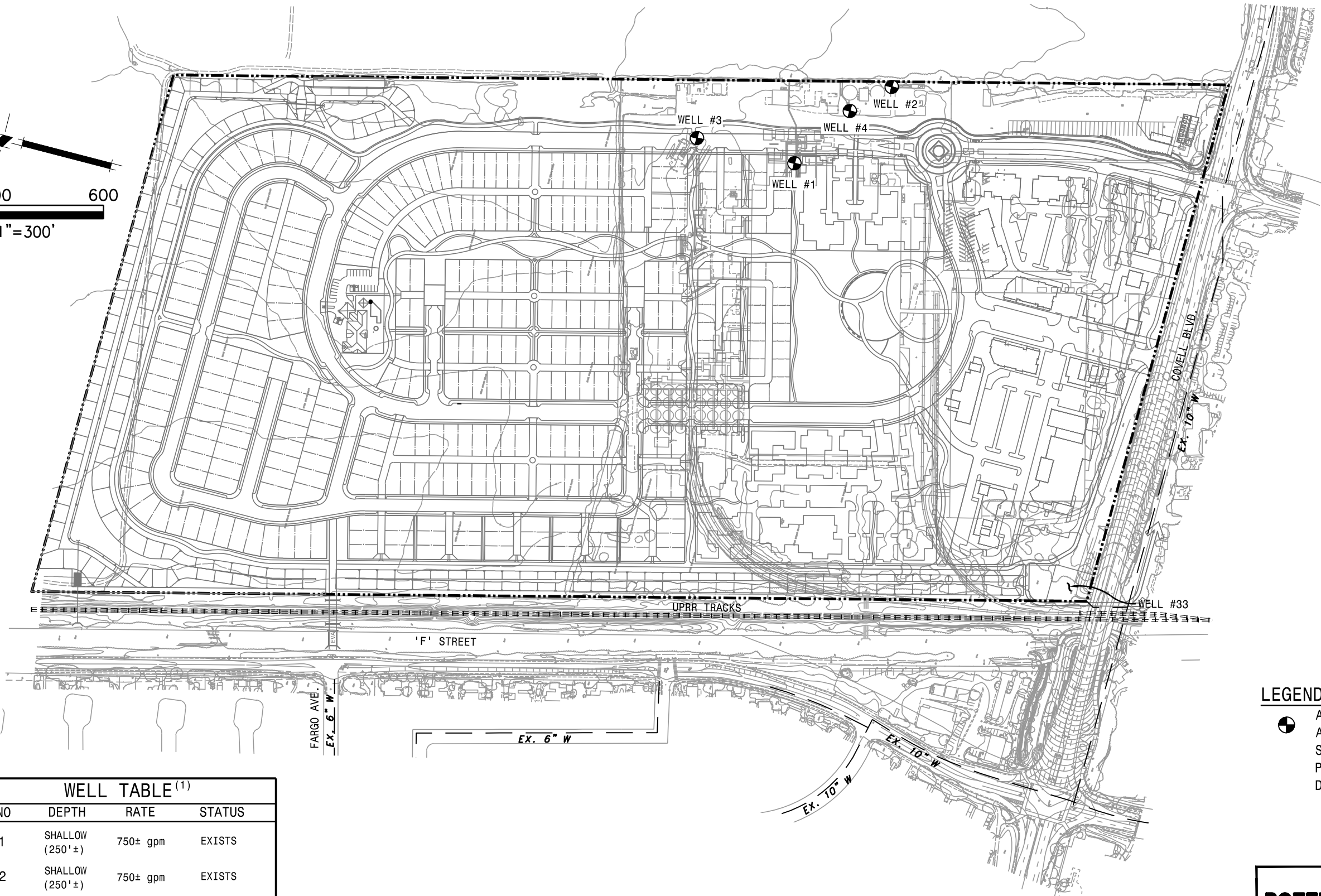
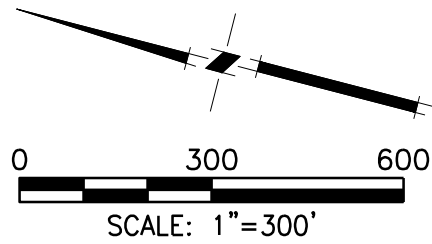


SHEET 1 OF 1


FIGURE 3
EXISTING AND PROPOSED
WATER FACILITIES
THE CANNERY

CITY OF DAVIS CALIFORNIA

MACKAY & SOMPS
ENGINEERS PLANNERS SURVEYORS
51428 FRANKLIN DR., PLEASANTON, CA 94588 (925)225-0690



LEGEND


 APPROXIMATE LOCATION OF
 ABANDONED CANNERY WELLS.
 SOURCE: HUNT-WESSON SITE
 PLAN DRAWING #E-720163,
 DATED 01/24/75.

WELL TABLE ⁽¹⁾			
NO	DEPTH	RATE	STATUS
1	SHALLOW (250'±)	750± gpm	EXISTS
2	SHALLOW (250'±)	750± gpm	EXISTS
3	SHALLOW (250'±)	750± gpm	EXISTS
4	DEEP (1350'±)	1000± gpm	ABANDONED (?)

(1) PER RON ALLEN (FORMER HUNT-WESSON PLANT MANAGER)
ON APRIL 24, 2012.

FIGURE 4
POTENTIAL NON-POTABLE
WATER SUPPLY
THE CANNERY
 CITY OF DAVIS CALIFORNIA

MACKAY & SOMPS
ENGINEERS PLANNERS SURVEYORS
51428 FRANKLIN DR., PLEASANTON, CA 94588 (925)225-0690