

Mr. Eric Gonsalves
Arapaho Investment Company, LLC, a California Limited Liability Company
c/o Petrovich Development Company, LLC
825 K Street, #3
Sacramento, CA 95814

Dear Mr. Gonsalves:

Our records indicate that the Arapaho Investment Company, LLC, a California Limited Liability Company (Arapaho) is the owner of certain property situated in Yolo County, identified as Assessor's Parcel No. 057-170-004. The State of California Department of Water Resources (DWR or State) proposes to purchase an easement over this property, identified as DWR Parcel No. YBSH-126, to accomplish the goals of the Yolo Bypass Salmonid Habitat Restoration and Fish Passage Project (Project).

Section 7267.2 of the California Government Code and the California Relocation Assistance and Real Property Acquisition Guidelines require that each property owner from whom the State of California makes and offer to purchase real property, or an interest therein, be provided with a written statement of, and summary of the basis for, the amount that has been established as just compensation, as well as the following information:

1. Arapaho is entitled to receive full payment prior to vacating the real property rights being purchased, unless you have heretofore waived such entitlement. Arapaho is not required to pay recording fees, transfer taxes, or the pro rata portion of the real property taxes which are allocable to any period subsequent to the passage of title or possession.
2. The right to be acquired is a permanent Non-Exclusive Flowage Easement (Easement). All buildings, structures, and other improvements affixed to the land described in the Easement Deed for YBSH-126 and owned by Arapaho are not being conveyed.
3. The Fair Market Value (FMV) of the Easement is based upon an appraisal, which is summarized in the enclosed Appraisal Summary Statement. As full just compensation for the Easement to be acquired, we offer Arapaho **\$5,500**, as shown on the enclosed Right of Way Contract.

The State's offer:

- a. Represents the full amount of the FMV identified in an approved appraisal as just compensation for the Easement;
- b. Is not less than the approved appraisal of the FMV of the Easement;

4. Does not reflect any consideration of, or allowance for, any relocation assistance and payments or any other benefits to which Arapaho may be entitled; and
5. Disregards any decrease or increase in the FMV value of the Easement prior to the date of valuation caused by the public improvement for which the Easement is to be acquired, or by the likelihood that the Easement would be acquired for such public use, other than that due to physical deterioration within the reasonable control of the owner or occupant.
6. In accordance with Section 1263.025 of the California Code of Civil Procedure, Arapaho is entitled to seek an individual appraisal on the value the Easement and to receive reimbursement of up to \$5,000 to pay for reasonable appraisal costs. In order to be reimbursed, Arapaho must sign an Appraisal Costs Reimbursement Agreement and engage an appraiser licensed by the State of California with the Office of Real Estate Appraisers. The appraiser must be either a MAI designated appraiser or hold an equivalent designation recognized by the Appraisal Foundation. For further information on the requirements for reimbursement and to ensure that Arapaho is aware of proper procedures, please contact DWR prior to engaging an appraiser. The request for an Appraisal Costs Reimbursement Agreement may be submitted to:

Department of Water Resources
Real Estate Branch, Attn: Fahmi Kassis
715 P Street, #5.
Sacramento, California 95814
or by email to Fahmi.Kassis@water.ca.gov.

7. The owner of a business conducted on a property to be acquired, or conducted on the remaining property, which will be affected by the purchase of the Easement, may be entitled to compensation for the loss of goodwill. Entitlement is contingent upon the Arapaho's ability to prove such loss in accordance with the provisions of Sections 1263.510 and 1263.520 of the Code of Civil Procedure.
8. If Arapaho ultimately elects to reject the State's offer for the Easement, Arapaho is entitled to have the amount of compensation determined by a court of law in accordance with the laws of the State of California.

Included as part of this package, you will find the following information relating to this proposed acquisition:

- Appraisal Summary Statement
- Right of Way Contract
- Map of the Proposed Easement Area
- Easement Deed
- Comparable Sales Data Sheets
- Comparable Sales Map
- Real Estate Branch Property Acquisition Information

Arapaho Investment Company, LLC

Page 3

Please date and sign the Easement Deed **exactly** as shown in the designated location and have the person who is authorized to sign on behalf of Arapaho signature **notarized**. If needed, a Public Notary can be made available to notarize the Arapaho's authorized representative signature(s). Also, date and sign the Right of Way Contract. The Right of Way Contract may be signed and returned electronically to me at the e-mail address below; however, the Easement Deed requires an original notarized signature and should be mailed or may be picked up by DWR. A fully executed copy of the Right of Way Contract will be forwarded to you at the close of escrow.

If you have any questions or need additional information, you may contact me directly by telephone at (916) 902-7021 or by email at Fahmi.Kassis@water.ca.gov.

Sincerely,

Fahmi H. Kassis

Fahmi H. Kassis
Right of Way Agent

APPRAISAL SUMMARY STATEMENT

Parcel No.: YBSH-126
Report No.: n/a
Date of Value: November 17, 2021
County: Yolo
Project: Yolo Bypass Salmonid Habitat Restoration and Fish Passage
Owner: Arapaho Investment Company, LLC, a California Limited Liability Company
APN: 057-170-004
Property Location: County Road 117, Yolo County, California
Zoning: A-N - Agricultural Intensive
Present Use: Agriculture (row/field crops)
Highest and Best Use: Future development of an orchard
Proposed Public Use: Flowage Easement for adult fish passage and juvenile rearing habitat

Area and Property Right to be Acquired:

15.69± AC x 20% Rights

Area of Remainder: 15.69± AC x 80% Rights
 173.67± AC (remaining larger parcel not affected by easement)

Market Value of Required Property:Permanent Easement:

Land: 15.69± AC x \$1,750/AC x 20% = \$5,492

Total Land \$5,492

Damages to the remaining property due to the State's acquisition are: \$ -0-

Total Acquisition \$5,492

Rounded to \$5,500

The market value of the Easement being purchased is based upon a FMV appraisal prepared in accordance with accepted appraisal procedures. Valuation of your property is based upon an analysis of recent sales of similar properties in this locality. Valuation of the land recognizes all factors influencing its current value.

Total Payment is: \$5,500

This summary of the amount offered as compensation is presented in compliance with federal and State law and has been derived from a formal appraisal. The value of any property rights retained by the owner which are not now reflected in the appraisal must be deducted from the FMV shown above.

Grantor: Arapaho Investment Company, LLC,
a California Limited Liability Company

Project: Yolo Bypass Salmonid Habitat Restoration
and Fish Passage Project

Parcel No.: YBSH-126

RIGHT OF WAY CONTRACT

This Right of Way Contract ("Contract") dated as of December 13, 2021 is made by and between the Department of Water Resources ("DWR") of the State of California, ("STATE") and Arapaho Investment Company, LLC, a California Limited Liability Company ("GRANTOR"). The Effective Date of this Contract shall be the date as signed by the Manager of the Appraisal and Acquisition Section, Linus A. Paulus, for the State.

In consideration of the mutual covenants and agreements herein contained, this Contract is subject to the conditions set forth below and is made with reference to the following facts:

1.
 - a. GRANTOR is the owner of fee title of that certain real property generally located on County Road 117, in Yolo County, known as Assessor's Parcel Number (APN)057-170-004, consisting of approximately 189.56 acres of land, together with all improvements and fixtures thereon ("the Property"); and
 - b. STATE desires to purchase from GRANTOR and GRANTOR desires to sell to STATE a permanent non-exclusive flowage easement ("the Easement"), via Document No. YBSH-126 (the Easement Deed"), covering a 15.89 acre portion of the Property, known to the STATE as DWR Parcel No. YBSH-126 and more particularly described in the Easement Deed, which shall be executed and delivered to Fahmi Kassis, Right of Way Agent for the STATE.
 - c. STATE requires the Easement for the purposes of seasonal floodplain fisheries rearing habitat and fish passage in the Yolo Bypass, a public use for which STATE may exercise the power of eminent domain. GRANTOR is compelled to sell, and STATE is compelled to acquire the Easement.
 - d. Both GRANTOR and STATE recognize the expense, time, effort, and risk to both GRANTOR and STATE in determining the compensation for the Easement by eminent domain litigation; and the compensation set forth herein the Easement is in compromise and settlement in lieu of such litigation.
 - e. The parties have herein set forth the whole of their agreement. The performance of this Contract constitutes the entire consideration for the Easement and shall relieve STATE of all further obligation or claims on this account, or on account of the location, grade, or construction of the proposed public improvement.
2. STATE shall:
 - a. Pay the sum of **\$5,500** for the Easement to the following title company: First American Title Company for the account of GRANTOR, Escrow No. 5405-6695179, conditioned upon the Easement vesting in the STATE free and clear of all liens, leases, encumbrances, easements (recorded and/or unrecorded), assessments, and taxes, except:
 - (1) Taxes for the tax year in which this escrow closes shall be cleared and paid in the manner required by Section 5086 of the Revenue and Taxation Code, if unpaid at the close of escrow.
 - (2) Covenants, conditions, restrictions and reservations of record, or contained in the above-referenced document.
 - (3) Easements or rights of way over said land for private, public, or quasi-public utility or public purposes that are within the Easement area, if any.

- b. Pay all expenses incidental to and necessarily incurred for the conveyance of the Easement to the STATE, including but not limited to recording fees, title insurance charges, reconveyance fees, trustee's fees, forwarding fees, and prepayment penalties.
 - c. Have the authority to deduct and pay from the amount shown in paragraph 2.a. above, any or all monies payable under this Contract to discharge any obligations which are liens upon the Easement, including but not limited to those arising from judgments, assessments, delinquent taxes for other than the tax year referred to in paragraph 2.a.(1), or debts secured by deeds of trust or mortgages, except those items listed in paragraph 2.a. hereof, and/or to defray any other incidental costs other than those specified in paragraph 2.b. hereof to be borne by the STATE..
3. Pursuant to Section 1263.025 of the Civil Code of Procedure, GRANTOR is entitled to obtain an independent appraisal and to be reimbursed for the actual reasonable cost of the appraisal up to \$5,000 if certain conditions are met. For further information on the requirements for reimbursement, GRANTOR may contact Ashley Wilson, Right of Way Agent for the STATE.
 4. Title to the Easement shall pass immediately upon close of escrow. The issuance of any escrow instructions shall be the sole responsibility of STATE.
 5. GRANTOR warrants that there are no oral or written leases on all or any portion of the Property exceeding a period of one month, and GRANTOR further agrees to protect, defend, indemnify, and hold harmless STATE and reimburse STATE for any and all of its losses and expenses occasioned by reason of any lease of the Property held by any tenant of GRANTOR for a period exceeding one month, except as may be otherwise provided herein.
 6. The undersigned GRANTOR hereby agrees and consents to the dismissal of any eminent domain action in the Superior Court wherein the herein described land is included and also waives any and all claims to any money that may now be on deposit in said action.
 7. To the best of GRANTOR's knowledge and after reasonable inquiry, GRANTOR represents and warrants the following:

During the GRANTOR's ownership of the Property, there have been no disposals, releases, or threatened releases of hazardous substances on, from, or under the Property. GRANTOR further represents and warrants that GRANTOR has no knowledge of disposal, release, or threatened release of hazardous substances on, from, or under the Property which may have occurred prior to GRANTOR taking title to the Property.

There is no pending claim, lawsuit, agency proceeding, or any administrative challenge concerning the presence or use of hazardous substances on the Property.

GRANTOR has not used the Property for any industrial operations that use hazardous substances. GRANTOR is not aware of any such prior use of the Property.

GRANTOR has not installed any underground storage tanks, aboveground storage tanks, barrels, sumps, impoundments, or other containers used to contain hazardous substances on any part of the Property. GRANTOR is not aware of any such prior installations.

For the purposes of this paragraph, the term "hazardous substances" shall mean any substance which at any time shall be listed as "hazardous" or "toxic" in the regulations implementing the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) (42 USC §6901, et seq.), or other federal or State law, or any other substance, chemical, material, or waste product whose presence, nature, or quality is potentially injurious to the public health, safety, welfare, the environment, or the Property. The term "reasonable inquiry" shall mean a thorough examination of the Property and all records of the Property, and any examination that

GRANTOR was legally obligated to conduct as a result of any judicial or administrative order, or federal or State law.

The acquisition price of the Easement being acquired reflects the fair market value of the Property without the presence of hazardous substances. If the Property is found to be contaminated by a hazardous substance which may require remediation under federal or State law, STATE may elect to recover its clean-up costs from those who caused or contributed to the contamination.

8. This Contract may be modified, changed, or rescinded only by an instrument in writing executed by the parties hereto.
9. Each party agrees to execute and deliver additional documents and instruments and to take any additional actions as may be reasonably required to carry out their respective obligations under this Contract.
10. This Contract may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
11. This Contract may be executed by electronic signature(s) and transmitted either by facsimile or in a portable document format (.pdf) version by email and such electronic signature(s) shall be deemed as original for purposes of this Contract and shall have the same force and effect as a manually executed original.
12. PHASE I – ENVIRONMENTAL Site ASSESSMENT REPORT: STATE's obligation to consummate the purchase of the Easement is subject to the completion and approval by the STATE (which completion will not be unreasonably delayed and approval will not be unreasonably withheld) of a Phase I – Environmental Site Assessment Report which concludes that the assessment has revealed no evidence of any recognized adverse environmental conditions, including but not limited to the presence of hazardous material in connection with the Property. STATE may, at its own discretion, waive this condition in writing.

The foregoing representations and warranties shall survive the close of escrow and shall remain in full force and effect for the duration of the Easement and shall accrue for the benefit of STATE and its successors and assigns.

This Contract is subject to the approval of the State of California.

NO OBLIGATION OTHER THAN THOSE SET FORTH HEREIN SHALL BE RECOGNIZED.

IN WITNESS WHEREOF, the parties have executed this contract.

GRANTOR: Arapaho Investment Company, LLC, a California Limited Liability Company

Eric Gonsalves, Vice President of Development

Date: _____

Date: _____

CONSENT OF TENANTS

We, the Tenants of land described in this contract and/or said deed under lease with lessor, whose name is subscribed to this contract as Grantor, do hereby consent to the execution of said contract and agree that all money payable shall be paid to said Grantor as herein set forth.

Date: _____

Date: _____

DEPARTMENT OF WATER REOURCES
of the State of California

APPROVAL RECOMMENDED:

APPROVED:

Fahmi H. Kassis
Right of Way Agent

Date

Linus A. Paulus, Manager
Acquisition and Appraisal Section

Date: _____

RECORDING REQUESTED BY

WHEN RECORDED MAIL TO:

DEPARTMENT OF WATER RESOURCES

Division of Engineering
Real Estate Branch
1416 9th Street, Room 425
Sacramento, CA 95814

SPACE ABOVE THE LINE FOR RECORDER'S USE

APN: 057-170-004

EASEMENT
(TO THE STATE)

Project Yolo Bypass Salmonid Habitat Restoration & Fish Passage

Parcel No. YBSH-126 UNIT A
X-9A-31

Arapaho Investment Company, LLC, a California limited liability company,
GRANT to the STATE OF CALIFORNIA, its successors or assigns, hereinafter called
STATE, an EASEMENT and right of way, upon, over, and across that real property in
the County of Yolo, State of California, identified in the records of the Department of
Water Resources as:

<u>DWR Parcel No.</u>	<u>Area</u>	<u>Estate</u>
YBSH-126 UNIT A	15.69 Acres	Flowage Easement

(In the event of any discrepancy between the above identification and the real property described herein, the real property described will control.)

This Easement Deed is granted effective of the State of California's acceptance of this deed, by **Arapaho Investment Company, LLC, a California limited liability company**, ("Grantor") to the Department of Water Resources of the State of California, a public agency, ("Grantee"),

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and pursuant to the laws of the State of California, Grantor grants and conveys to Grantee the perpetual right-of way and easement in the real property ("Property") situated in the County of Yolo, State of California, more specifically described in Exhibit A, attached and incorporated by this reference, for the purposes of seasonal floodplain fisheries rearing habitat and fish passage in the Yolo Bypass.

Grantee has the right for the flowage of water over and upon the Property as may be required for the present and future permitted construction and operation of fish passage and floodplain restoration projects, including the right of access by authorized representatives of the Grantee. The flowage right includes the right to flow water and materials and by said flow erode; or place or deposit earth, debris, sediment, or other material.

The covenants, terms, conditions, and restrictions of this Easement shall be binding upon, and inure to the benefit of, the parties and their respective personal representatives, heirs, successors, and assigns, and shall constitute a servitude running in perpetuity with the Property.

EXHIBIT A

All that certain real property being a portion of projected Section 28 in Township 10 North, Range 3 East, Mount Diablo Base and Meridian, Yolo County, State of California, also being a portion of the lands conveyed in the Grant Deed recorded December 31, 2020 in Document 2020-0046658, Official Records of said County described as follows:

All that land lying westerly of a line being the easterly edge of the east levee road of the Yolo Bypass as it exists presently and described as follows;

YBSH-126 UNIT A

BEGINNING at a point on said easterly edge of east levee road and the north line of the lands described in said Grant Deed from which a found 1-inch iron pin marking the southwest corner of Section 29 as shown on the Record of Survey for Pur Hiran Farms, filed November 19, 2012, in Book 2012 of Maps, at Page 63 of said County records bears South 71° 43' 39" West 8,452.92 feet, said point also bears South 89° 57' 15" West 2,749.58 feet from a found 2-inch iron pipe as shown on said Record of Survey;

THENCE FROM SAID POINT OF BEGINNING, along said easterly edge levee road the following four (4) courses:

- 1) South 05° 00' 02" East 302.59 feet;
- 2) South 05° 55' 56" East 995.78 feet;
- 3) South 04° 51' 16" East 971.11 feet; and
- 4) South 13° 24' 37" East 72.73 feet to the south line of lands described in said Grant Deed.

Containing 15.69 acres, more or less.

Bearings and distances used in the above description are based on the California Coordinate System, CCS83 Epoch 2010.00(2011.00), Zone 2, US Survey feet. The above distances are grid, to convert to ground multiply by 1.00006197.

As shown on Exhibit B, attached hereto and by this reference made a part hereof.

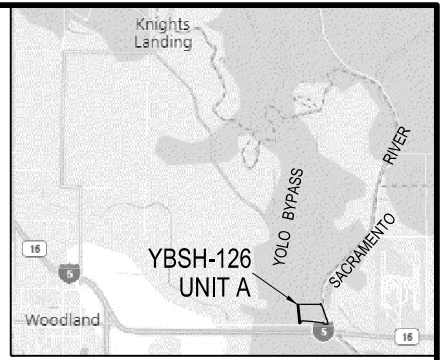
End of Description.

YOLO BYPASS
FLOW

REFERENCES:
(R1) 2012 BM 52
(R2) 2012 BM 63
(R3) 11 MS 95
(R4) 1095 OR 654
(R5) 12 MS 62
(R6) 12 MS 82
(R7) 2008-0026694

FARMTOGETHER
STANLEY, LLC
057-170-010
2021-0035854

2012 BM 52
2012 BM 63



VICINITY MAP

KNAGGS RANCH
057-170-009

CITY OF
WOODLAND
057-170-003

11 MS 95
12 MS 62

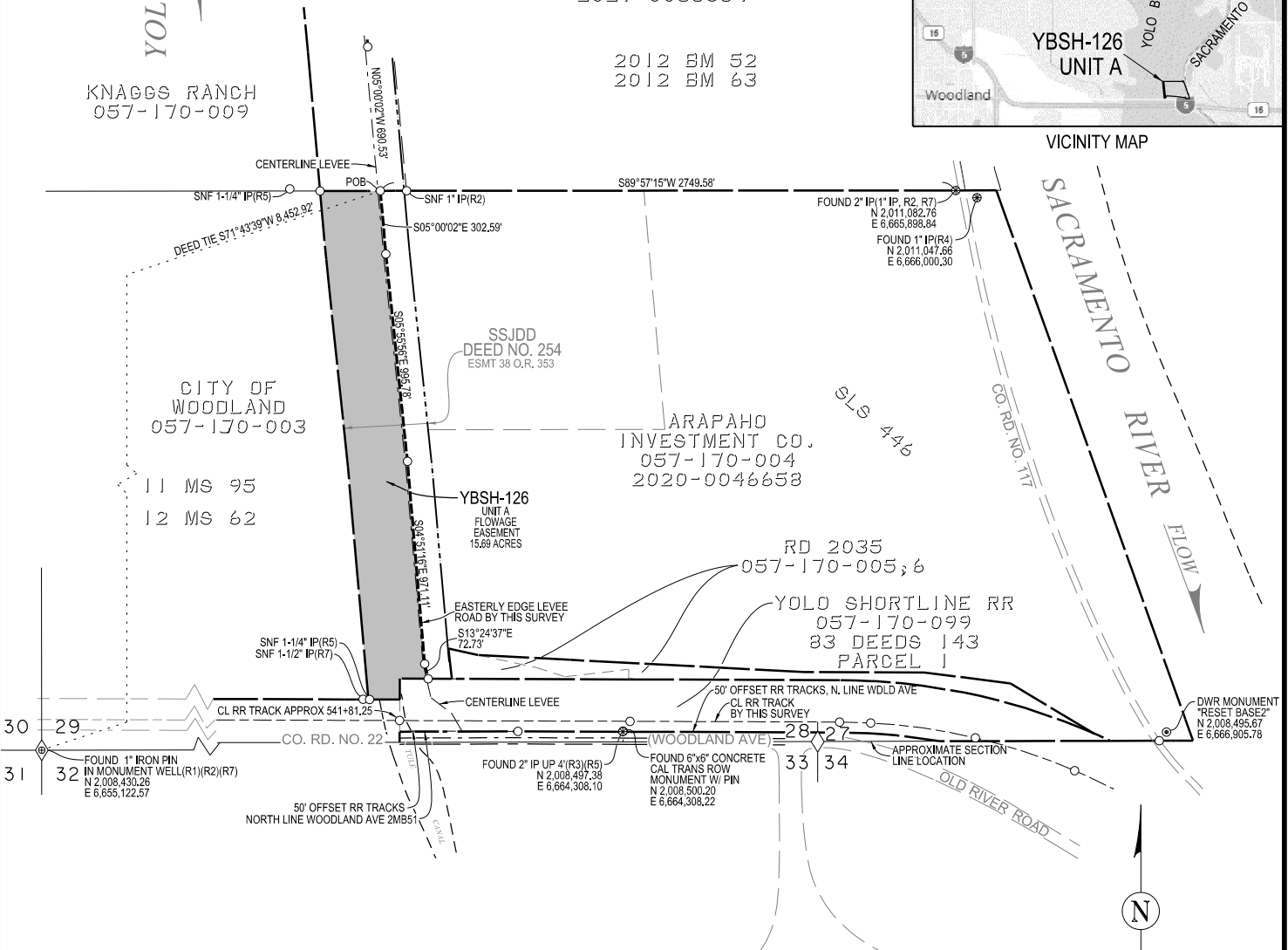
SSJDD
DEED NO. 254
ESMT 38 O.R. 353

ARAPAHO
INVESTMENT CO.
057-170-004
2020-0046658

YBSH-126
UNIT A
FLOWAGE
EASEMENT
15.68 ACRES

RD 2035
057-170-005,6

YOLO SHORTLINE RR
057-170-099
83 DEEDS 143
PARCEL 1



NOTES:
1) THIS IS A PRELIMINARY MAP FOR DWR APPRAISAL PURPOSES AND IS SUBJECT TO CHANGE.
2) THIS MAP REPRESENTS RECORD INFORMATION AND A LAND SURVEY PERFORMED BY DWR WINTER 2020, REFER TO "GEO20-0030"

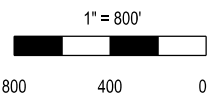
3) COORDINATES, BEARINGS AND DISTANCES ARE BASED ON THE CALIFORNIA COORDINATE SYSTEM 1983(CCS83), EPOCH 2010.00(2011.00), ZONE 2, U.S. SURVEY FT. DISTANCES SHOWN HEREON ARE GRID, TO CONVERT TO GROUND MULTIPLY BY 1.00006197.

4) APN INFORMATION HEREIN WAS OBTAINED FROM LANDVISION DIGITAL MAP PRODUCTS.

5) PURSUANT TO CCR RULE 411(g)(3), DESCRIPTIONS OF THE WORK DONE UNDER EACH LICENSEE'S RESPONSIBLE CHARGE ARE AS FOLLOWS:

TIMOTHY CASE - FIELD SURVEY WORK INCLUDING SETTING CONTROL, BOUNDARY RECOVERY, TOPOGRAPHY, PROCESSING AND ADJUSTMENT

CHARLES NEUMAN - SUBSEQUENT OFFICE DRAFTING, RECORDS RESEARCH, PREPARATION OF LEGAL DESCRIPTIONS FOR CORRESPONDING LAND TRANSFER DOCUMENTS AND FINALIZATION OF THIS MAP.



PORTIONS OF SLS 446
AND ALSO BEING A
PORTION OF PROJECTED
SECTION 28 - T. 10 N., R. 3 E.,
M.D.B.M., YOLO COUNTY
CALIFORNIA

20OCT2021

EXHIBIT B

YOLO BYPASS SALMONID HABITAT
RESTORATION AND FISH PASSAGE PROGRAM
YOLO COUNTY
YBSH-126 UNIT A EASEMENT-ARAPAHO INV.

STATE OF CALIFORNIA
THE NATURAL RESOURCES AGENCY

DEPARTMENT OF WATER RESOURCES
DIVISION OF ENGINEERING - GEODETIC BRANCH

Executed on _____

GRANTOR(S)

STATE OF CALIFORNIA }

SS

County of _____

On _____, 20 ____ , before me, _____

personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

[SEAL]

NOTARY PUBLIC IN AND FOR THE STATE OF CALIFORNIA

(CERTIFICATE OF ACCEPTANCE, GOVERNMENT CODE, SECTION 27281)

This Is To Certify, That the State of California, grantee herein, acting by and through the Department of Water Resources, hereby accepts for public purposes the real property, or interest therein, described in the within deed and consents to the recordation thereof.

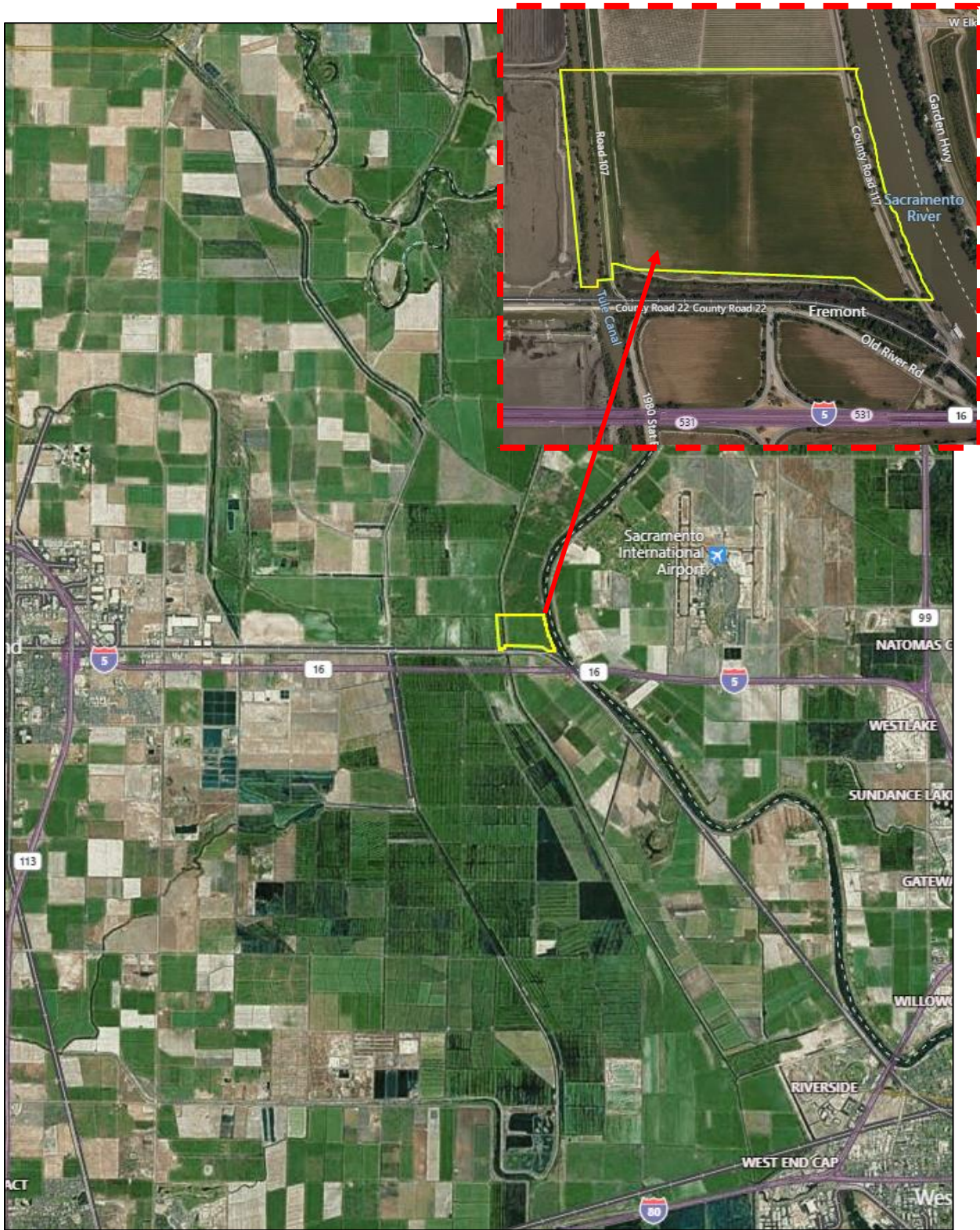
IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 20_____

Director of Water Resources

By _____

Attorney in Fact

AERIAL PHOTOGRAPH



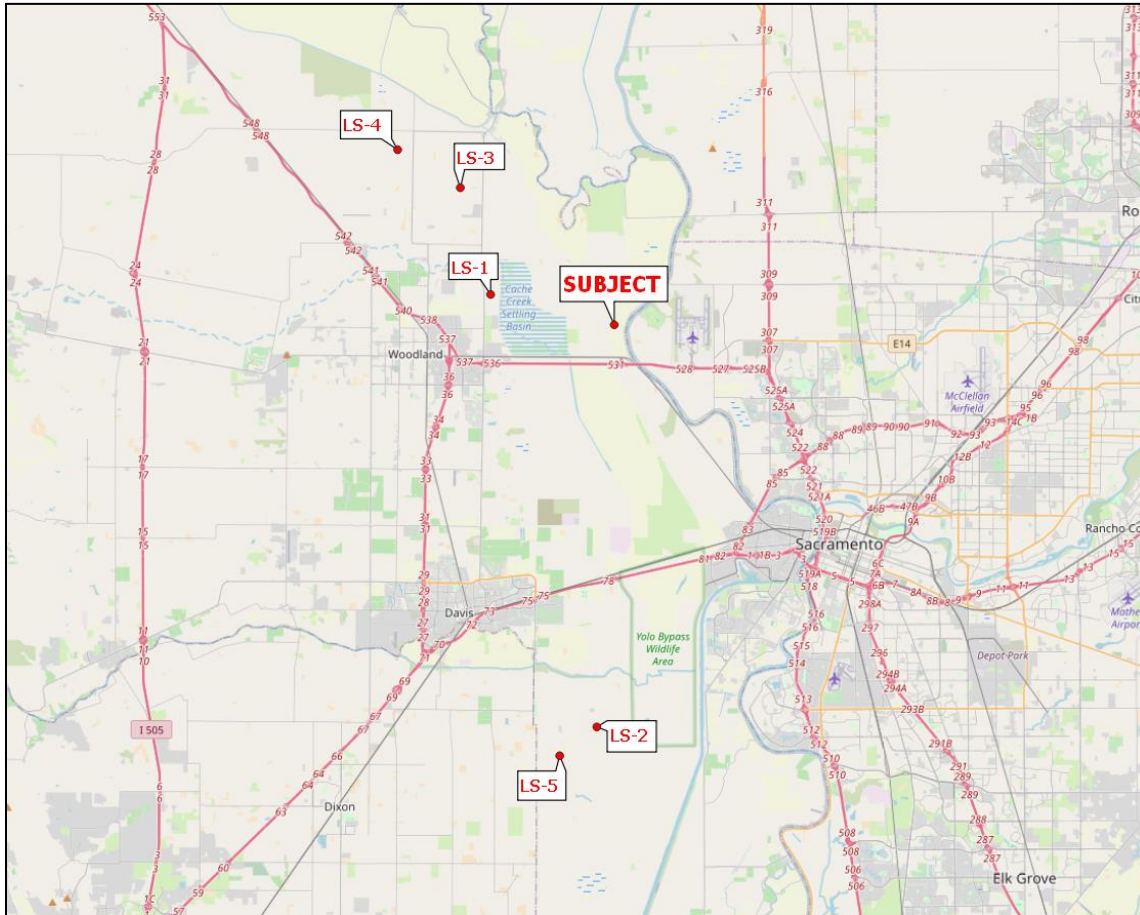


Yolo Bypass Salmonid Habitat Restoration and Fish Passage Project
 Arapaho Investment Company, LLC Property
 APN: 057-170-004
 Yolo County, California

COMPARABLE LAND SALES SUMMARY TABLE

Sale #	Location	Seller	Sale Date	Sale Price	Zoning	Size Acres	Price /
DC #	APN No. (s)	Buyer	Doc #				AC
LS-1	SEC of County Road 102 and 18B, Yolo County (Near Woodland), CA	MiCrop Limited	6/11/2021				
3871	APNs: 027-210-025 and -023	G Estates LLC	0022883	\$4,200,000	A-N	325.93	\$12,886
LS-2	SEC of County Road 106 and Road 36, Yolo County (Near Davis), CA	ABS Sourthport II, LLC	4/8/2021				
6090	APN: 033-130-020, 033-150-025, -042, and -043	Purewall (50%) and Hundal (50%)	0013991	\$2,800,000	A-N	436.9	\$6,409
LS-3	NEC of County Road 101 and 15, Yolo County (Near Woodland), CA	Robert and Teresa Eveland	4/1/2021				
5752	APNs: 056-210-011 and -010	Harinder and Jagir Gill	0013156	\$1,525,000	A-N	119.39	\$12,773
LS-4	38984 County Road 14 Yolo County (Near Woodland), CA	Cynthia Duncan and Kisa Bates	2/20/2019				
5369	APN: 056-190-014	Bath Rev Liv Trust	0003181	\$650,000	A-N	40	\$16,250
LS-5	SWC of County Road 105 and Maxwell Lane, Yolo County (near Davis), CA	Atkinson Land LLC	5/1/2018				
6091	APN: 033-150-005	Tranquility Orchards LLC	0010079	\$3,600,000	A-N	240	\$15,000
Subject	County Road 117 Yolo County (Near Woodland), CA APN: 057-170-004	<i>Appraised Property</i>	---	---	A-N	173.87 Gross (15.69 Non- Farmable)	----

COMPARABLE LAND SALES SUMMARY MAP



DISCUSSION OF SALE COMPARABLES

This analysis identifies the similarities and differences between subject and comparable properties. The primary elements of comparison include property rights, financing terms, conditions of sale (motivation), market conditions (sale date), and physical characteristics (e.g., zoning, water availability, flooding/water issues, utility, soils, site improvements, location, access, etc.).

The quantitative adjustment process involves comparing two or more market sales to develop a value for each property characteristic to be applied to the sales for the derivation of indicated values of the larger parcel. Due to the imperfect nature of this process and lack of sufficient data, we have elected to employ a qualitative analysis process. We will analyze comparable sales and identify whether their characteristics are inferior, superior, or similar to the larger parcel. Reliable results can usually be obtained by bracketing the larger parcel or remainder parcels between superior and inferior comparable sales. This analysis identifies the similarities and differences between subject and comparable properties. The elements of comparison include property rights, financing terms, conditions of sale (motivation), expenditures after sale, market conditions (sale date), location, and physical economic and legal characteristics.



Comparable Land Sale No. 1

This is the sale of 325.93 acres of a row crop farm located in along the southeast corner of County Road 102 and 18B, near Woodland (but in Yolo County). The property has two separate parcels that are roughly rectangular in shape. The property has level topography, is zoned as A-N for agriculture intensive, and has an agricultural general plan designation. The property is currently planted with 120 acres of alfalfa, and 60 acres of tomatoes. The

rest of the property (145.93 acres = 45%) is not planted and is considered un-farmable due to drain seepage. The property has two operating deep wells with electric motors and turbine pumps. The first well has an estimated yield of 4,000 gallons per minute, while the second well has an estimated yield of 2,000 gallons per minute. There is a lease on the farm which runs year-to-year. The property consists of 100% Class II soils most of which are silt loam, with a high boron content. The property falls within flood zone AE.

The property was listed on the market since July of 2018, and closed June of 2021 for \$4,200,000, or approximately \$12,886 per acre. According to the agent, there were no sales conditions involved with this deal and it was financed with a conventional loan.

This comparable sale is similar to the subject in-terms of location (near Woodland around the Yolo Bypass), it is located in Flood Zone AE, sufficient water availability (two wells), and it also has predominantly Class II soils. This sale has a variety of inferior features which include a much larger non-farmable portion (45% vs. the subject's 5.6%), larger overall size, and high boron content in the soils. Based on these inferiorities, a value for the subject property above \$12,886 per acre is concluded.

Comparable Land Sale No. 2

This is the sale of 436.9± acres of row crop land located at the southeast quadrant and northeast quadrant of Road 106 and Road 36 in Yolo County near Davis. This property transaction involves four separate parcels, two of which (on the eastern side of the property) are bisected by a corridor that leads to the Two Drain (near the port entrance). Additionally, two parcels on the western side are bisected by distribution sized power lines



(within the property bounds). The property has roughly level topography. There was an old agricultural well on this property at the time of sale, however, the condition of the well was inoperable, as such the agent implied that a new well would need to be drilled (i.e. no water at the time of the sale). The property features 33.1% Class I soils (Brentwood Silty Clay Loam), 18.9% Class II soils (Marvin Silty Clay and Rincon Silty Clay), and 48% Class IV soils (Capay overwash, Pescadero, and Clear Lake soils). The weighted average of these irrigated soils is 2.53. It is noted that in the Yolo County Area, slow draining soils often have high boron contents (clay soils). This was also an issue on this particular sale, as the agent confirmed the boron issues of this property. This property is located in FEMA Flood Zone AE, and has significant flooding issues. There was a conservation easement over the property that prevented urban development. The listing agent reported that an extensive search was done for the typical flood easement that properties in the bypass have and no evidence of such an easement was found.

The property was listed on the market September of 2020, entered into contract roughly two months later, and sold on April 8, 2021 for \$2,800,000 or \$6,409 per acre. The listing agent reported no sales conditions or atypical financing. The incoming buyer wanted to plant an orchard, but it was considered a very risky venture considering the physical impediments.

This comparable sale is similar to the subject in-terms of location (near near/in the Yolo Bypass), and it is located in Flood Zone AE. This sale also features a variety of inferior characteristics including: inferior water availability, inferior larger size, inferior soils class, inferior soils type (boron issues), inferior easement locations (i.e. easements cutting immediately through the centers of parcels), and inferior overall utility (conservation easement and flood issues). Based on these inferiorities, a value for the subject property above \$6,409 per acre is concluded.



Comparable Land Sale No. 3

This is the sale of two parcels totaling 119.39± acres of land at the northeast corner of County Road 101 and 15, in Yolo County (north of Woodland). The parcels are rectangular in shape and the property has roughly level topography. The property is located in FEMA Flood Zone A, and is zoned A-N (Agricultural Intensive), and has a general plan of Agriculture. The soils consist of 69.6% class I irrigated soil, 0.2% class II irrigated soil, and

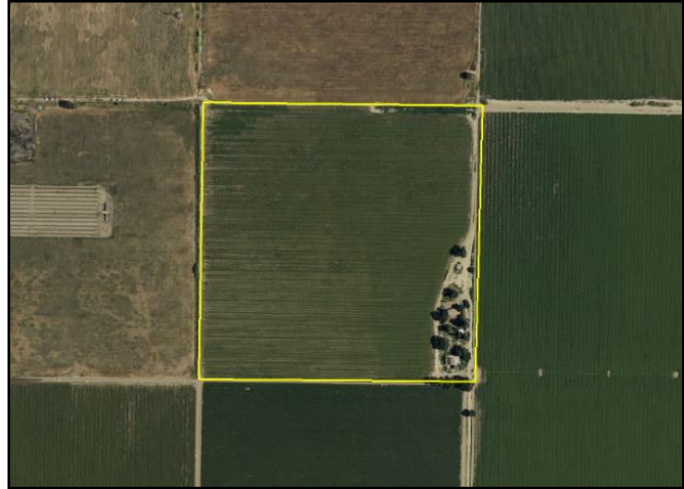
30.2% class IV irrigated soils; which has a weighted average of 1.93. The agent stated that this property had an Agricultural well on-site which would need to be replaced due to boron issues (which was factored into the sales price).

This property was listed for sale since December of 2015, and went pending June of 2020. During the escrow period, the buyer negotiated the contracted sales price down by an additional \$50,000 in order to account for the agricultural well replacement. The property finally closed April 1, 2021 for \$1,525,000 or \$12,773 per acre. The ground had been previously leased to the buyer who had been in negotiations for the last year of lease to buy the property at the end of the lease. Talks with the broker revealed that the sale was financed via Farm credit. The property was a part of a 1031 on the sellers end but this was said to not affect the sales price.

This comparable transaction is located in a similar area when compared to the subject, is of a similar size, has the same zoning and general plan designation, similar FEMA Flood Zone, and is reflective of recent (similar) market conditions. This property is not noted to have non-farmable portion, which is superior to the subject (8.3% non-farmable). This superiority is more than offset by the inferior water availability (new well needed), inferior soils ratings, and inferior soils characteristics (boron levels). Based on these inferiorities, a value for the subject property above \$12,773 per acre is concluded.

Comparable Land Sale No. 4

This is the sale of 40 acres of agricultural land currently being used for row crops. The property is located at 38984 County Road 14 in Yolo County (north of Woodland). The immediate neighborhood is agricultural in nature and planted to row crops. The property has 100% Class I Yolo silty loam soils. Water is accessed via an AG well, with a 50 HP on the site. The broker said the property had adequate water for its agricultural use. There is no access to district water. The property previous owner has a single-family residence on the property which will be kept as a life estate, this covered approximately one acre of the property. There is also a barn and some supporting agricultural buildings located on the property which do not add any value. The Yolo County general plan designated the property AG, the zoning is A-N. According to FEMA, this property is in the Flood Zone A. The site contained no plantings at the time of the sale.



Escrow closed February 20, 2019 for \$650,000 or \$16,250 an acre. The seller received multiple offers, some higher than the sale price. They landed on a lower offer on the condition of the life estate. The buyers intended use the property as an almond orchard. The seller reportedly did not have the funds to do this themselves. Other improvements on the property added no value to the sale price.

This comparable sale is located in a similar area compared to the subject, has a similar zoning and general plan designation, and has a generally similar FEMA Flood Zone. This property transacted early 2019, which is considered to have been during inferior market conditions. This inferiority is more than offset by this sale's superior soils (100% Class 1 soils), superior percentage farmable, and superior smaller size. Overall, a value below this indicator is concluded for the subject, or below \$16,250 per acre as appropriate.



Comparable Land Sale No. 5

This is the sale of 240± Acres of Orchard adaptable land in Yolo County, located at the southwest corner of Maxwell Lane and County Road 104. The neighborhood is predominantly agricultural in nature, with mostly row crops planted immediately adjacent. The property is located in FEMA Flood Zone AE, but the agent stated that there were no issues with flooding on this land. The property has roughly level

topography, and is zoned A-N (Agricultural Intensive) with a general plan of Agriculture. The property has 222 acres (or 92.5%) Class II soils consisting of Cagy Silty Clay, Clear Lake Clay, Marvin Silty Clay Loam, and Rincon Silty Clay Loam; and the remaining 8% is Class 3 soils which are Pescadero Silty Clay. Based on these soils, the property has a weighted average soil rating of 2.06. No other soils issues were noted. The property was irrigated by multiple agricultural wells which were indicated as being sufficient to sustain an orchard use.

The property was listed on the market February of 2018, and went pending just a month later (March 2018). The property closed escrow May 1, 2018 for \$3,600,000 or \$15,000 per acre. The listing agent stated that there were no sales conditions or atypical financing. The incoming buyer planned to plant Almonds on the property.

This comparable sale is located in a similar area compared to the subject, has a similar zoning and general plan designation, as similar water availability (sufficient to sustain an orchard), has a similar FEMA Flood Zone, and also has a similar soils rating (mostly Class II soils). This property is larger in size than the subject, and transacted during inferior market conditions. These inferiorities are fully tempered by this sales superior overall shape, topography, and farmability (100% farmable size). Based on the previous discussion, a value for the subject property near this comparable is appropriate.

Yolo Bypass Big Notch Project

APN: 057-170-004

Owner: WOODLAND DEVELOPMENT COMPANY, LLC

Parcel area: 185.2 acres

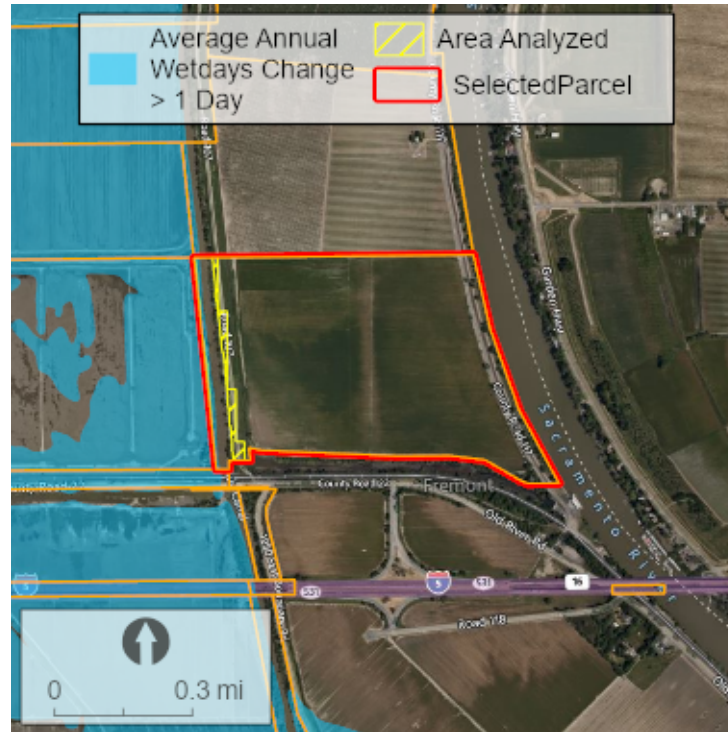
Area within YB: 4.1 acres

Annual wetted-days

Current: 1.2

Project: 1.2

Change: 0.0



Water Year	Last Day Wet ¹		Wetdays ¹		Average Depth (ft)		
	Current	Project	Current	Project	Daily Change ²	Current	Project
1997	01-09	01-09	8	8	0.1	3.5	3.3
1998	02-11	02-11	6	6	0.1	3.4	3.3
1999			0	0	0.3	3.1	2.8
2000			0	0	0.1	4.2	4.1
2001			0	0	0.3	1.0	0.5
2002			0	0	0.6	2.4	2.0
2003			0	0	0.5	2.0	1.5
2004			0	0	0.3	3.7	3.0
2005			0	0	0.1	3.0	2.3
2006	01-06	01-06	5	5	0.1	3.0	2.9
2007			0	0	0.9	0.4	0.9
2008			0	0	0.1	0.7	0.4
2009			0	0	0.5	0.6	0.5
2010			0	0	0.6	0.4	0.7
2011			0	0	0.1	3.6	3.2
2012			0	0	0.7	0.2	0.7

¹ Parcels are classified wet if 30% or more of a parcel area is wet to ignore shallow standing water

² Daily change is calculated for pixels and then averaged and may not be equal to project - current

	Monthly Average				Monthly Average Percent Area (%)														
	Depth (ft)		Wetdays		Dry		< 6 in		6-12 in		12-18 in		18-24 in		24-36 in		>36 in		
	Current	Project	Current	Project	Current	Project	Current	Project	Current	Project	Current	Project	Current	Project	Current	Project	Current	Project	
November	0.0	1.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
December	2.9	2.2	0.0	0.0	99.6	99.4	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
January	3.2	2.8	0.8	0.8	96.4	96.0	0.3	0.5	0.3	0.4	0.2	0.3	0.2	0.2	0.4	0.4	2.1	2.2	
February	3.5	3.2	0.4	0.4	96.1	95.9	0.4	0.5	0.4	0.4	0.3	0.3	0.2	0.2	0.3	0.3	2.3	2.4	
March	3.4	3.2	0.0	0.0	96.5	96.3	0.4	0.4	0.3	0.3	0.2	0.3	0.2	0.2	0.3	0.4	2.1	2.1	
April	3.4	3.4	0.0	0.0	98.1	98.1	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.2	0.2	1.1	1.1	
May	2.6	2.6	0.0	0.0	99.8	99.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	
June	2.6	2.6	0.0	0.0	99.9	99.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	

All information provided by the Department of Water Resources made available to provide immediate access for the convenience of interested persons. While the Department believes the information to be reliable, human or mechanical error remains a possibility. Therefore, the Department does not guarantee the accuracy, completeness, timeliness, or correct sequencing of the information. Neither the Department of Water Resources nor any of the sources of the information shall be responsible for any errors or omissions, or for the use or results obtained from the use of this information.

DEPARTMENT OF WATER RESOURCES

Real Estate Branch Property Acquisition Information



The property acquisition information shown below is for informational purposes only. It is not intended to give a complete statement of all State or federal laws and regulations pertaining to the purchase of property for public use, the relocation assistance program, legal definitions, or to provide any form of legal advice. Property owners are encouraged to consult their own counsel for advice and guidance.

INTRODUCTION

This information has been prepared by the State of California, Department of Water Resources (DWR) for you as a property owner whose property may be affected by a proposed DWR project related to the State Water Project (SWP) or a flood control project of the Central Valley Flood Protection Board (CVFPB). If you own or have a leasehold interest in property that is involved, you may have wondered what will happen. Who will contact you? How much will you be paid for the portion of your property needed for the project? Who will pay for any associated transfer or escrow fees? If, because of the project, you must move, who will pay your moving costs? If you need to find another place to live, will DWR State help you? Important questions like these require specific answers. We hope this information will answer some of your questions and present a clear picture of overall procedures.

The information below discusses many important features contained in the California [Relocation Assistance and Real Property Acquisitions Guidelines](#) found in Title 25, Division 1, Chapter 6, Subchapter 1 of the California Code of Regulations. It also gives general information about public acquisition of real property that should be useful to you. If you have been notified that a portion of your property will be required for a SWP or CVFPB project, it is important that you learn your rights.

If you have more questions about the acquisition of property rights for a SWP or CVFPB project, please discuss them with the DWR agent assigned to your case.

WHAT ARE THE STATE WATER PROJECT AND THE CENTRAL VALLEY FLOOD PROTECTION BOARD AND WHY ARE THEY NECESSARY?

Historically, the Great Central Valley suffered ravaging floods, sometimes creating an inland sea that stretched from Redding in the north to Bakersfield in the south. The Reclamation Board (now the CVFPB) was created by the Legislature to provide a coordinated and balanced effort by the State to control and divert these flood waters through the construction of bypasses and levee systems on the major waterways in the Central Valley. This work continues.

California has also faced growing overall water supply deficits for many years. One of the major reasons is that about 70 percent of the state's total water flow occurs north of Sacramento during winter, while 80 percent of the water use demand is in the southern part of the state during the rest of the year. To help solve some of this problem, the SWP was initiated in 1951 to capture and transport a portion of the flood water to areas of demand. Construction of the initial facilities began in 1957, and construction of new facilities continues.

SOME GENERAL QUESTIONS

WHAT RIGHT DOES DWR HAVE TO ACQUIRE A PROPERTY?

Our Federal and State Constitutions recognize the need for public agencies to acquire private property for public use and provide appropriate safeguards to accomplish this purpose. The rights of all property owners are protected by the Fifth and Fourteenth Amendments to the U.S. Constitution, the California State Constitution, and subsequent federal and state laws, most notably the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. These laws require (among other things) that any public agency, including DWR, acquiring private property under threat of eminent domain, or "condemnation," must pay "just compensation" to a property owner for the rights acquired.

HOW MUCH OF A PROPERTY CAN DWR ACQUIRE?

DWR is prevented by law from acquiring more property (or property rights, as the case may be) than what is reasonably needed for the project. Sometimes the project may require only a temporary right on a portion of a property; sometimes, a permanent easement on a portion of a property; sometimes, the project may require total ownership of a portion of a property; and, sometimes, the project may require total ownership of an entire property.

WHO MAKES THE DECISION TO ACQUIRE A PROPERTY?

The responsibility for studying the potential sites for a project rests with a team of specially trained individuals selected to do this important job. Many months, even years, are spent in preliminary study and investigation to consider possible locations for a project. Consideration of the environmental and social effect is as much a part of location determination as engineering and cost.

Complete environmental analysis must be performed to identify sensitive habitats, cultural and archaeological resources, and endangered plant and animal species. These studies are melded with analyses and recommendations of project engineers, surveyors, real estate specialists, geologists, hydrologists, economists, planners and others to identify the best feasible location and way to build the project, with due consideration given to property lines, land uses, and ownerships. Participation by private citizens and other public agencies is actively sought during the study process so that various views can be considered. The process includes public hearings and input, which give the general public an opportunity to express their views on the locations being considered.

The final determination to proceed with a project, and the selection of the location of the project, is made by DWR after a thorough review of all of these factors.

The acquisition agent assigned the case should be able to answer any questions about the project or the selection of the property proposed to be acquired for the project.

HOW DOES DWR DETERMINE HOW MUCH IT WILL OFFER FOR A PROPERTY?

DWR performs a Fair Market Value Appraisal to determine the amount of just compensation. Appraisal and purchase of properties needed for a SWP or CVFPB projects are the responsibility of DWR as the State and public agency responsible for the project. An appraiser will inspect the property and examine all of the features which contribute to its value. Information about improvements made and any other special attributes which may increase the value of the property should be given to the appraiser to ensure a fair value is assigned. The appraiser also seeks relevant data from many other sources to compare the property to other sales of similar properties in order to form an opinion of fair market value.

DWR also provides a Relocation Assistance Program for businesses and people who are displaced because of the project.

WHAT IS "FAIR MARKET VALUE"?

The fair market value of the property acquired is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.

HOW DOES AN APPRAISER DETERMINE THE FAIR MARKET VALUE OF A PROPERTY?

Each parcel of real estate is unique. Therefore, no single formula can be devised to appraise all properties. Factors typically considered in estimating the value of real property include, but are not limited to, zoning, highest and best use, size, shape, soil type, topography, and location.

Other areas of evaluation include:

- How it compares with similar properties in the area that have been sold recently.
- How much it would cost to reproduce the structures or facilities acquired with the land, less any depreciation.
- How much rental or other income it could produce.

DOES THE LANDOWNER HAVE AN OPPORTUNITY TO TALK TO THE APPRAISER?

Yes. The property owner will be contacted and given the opportunity to accompany the appraiser on his or her inspection of the property and may inform the appraiser of any special features which may add to the value to the property.

It is in the best interest of the property owner to provide the appraiser with all useful information in order to insure that nothing of allowable value is overlooked. If the property owner is unable to meet with the appraiser, they may wish to have a person who is familiar with the property represent them.

WHAT IS "JUST COMPENSATION"?

The fair market value of a property is generally considered to be "just compensation." "Just compensation" means not only "just" to the owner or lessee of the property, but also "just" to the public, who must pay the compensation. Please note that fair market value does not take into account intangible elements such as sentimental value (which is legally non-compensable), loss of business good will (which the business owner must assert and show), loss of potential business profits, or any special value that the property may have for the owner or DWR. DWR cannot make an offer to buy the property for more than it's worth.

IS A PROPERTY OWNER ENTITLED TO OBTAIN AN INDEPENDENT APPRAISAL?

In accordance with Section 1263.025 of the California Code of Civil Procedure, if the State offers to purchase property under the threat of condemnation, the property owner is entitled to seek a second opinion on the value of the property and to receive reimbursement of up to \$5,000 to pay for reasonable appraisal costs. In order to be reimbursed, the property owner must sign an Appraisal Costs Reimbursement Agreement and engage an appraiser licensed by the State of California with the Office of Real Estate Appraisers. The appraiser must be either a MAI designated appraiser or hold an equivalent designation recognized by the Appraisal Foundation.

For further information on the requirements for reimbursement and to ensure that you are aware of proper procedures, please contact DWR prior to engaging an appraiser. The request for an Appraisal Costs Reimbursement Agreement may be submitted to the Department of Water Resources, Real Estate Branch, 1416 Ninth Street, Room 425, Sacramento, California 95814.

WILL THERE BE PAYMENT FOR ANY LOSS IN VALUE TO THE REMAINING PROPERTY?

If the purchase of only a part of the property reduces the unit value of the remaining property, payment will be made for the loss in value to the remainder. Also, if any remaining property would have little or no utility or value, DWR may offer to purchase the remaining property as an uneconomic remainder property to avoid a continuing burden of ownership.

WHEN WILL A FIRST WRITTEN OFFER BE PROVIDED?

After the appraisal is reviewed and approved by DWR, an acquisition agent will contact the property owner with a First Written Offer to purchase the property rights required for the project. Included in the offer will be an "Appraisal Summary Statement" showing the basis for the offer.

Negotiations for the purchase of the required property will not take place before this offer is made.

ARE THERE ADVANTAGES TO VOLUNTARILY SELLING PROPERTY TO DWR?

Yes. A real estate purchase by DWR is handled in the same manner as any private sale of property. However, there can be financial advantages in selling to DWR. Property owners will receive the fair market value of the property in cash. Nothing will be deducted for real estate commissions, title costs, preparation of documents, title policy or recording fees required in closing the sale. The State will pay these expenses.

Note: This does not remove the responsibility a property owner may have for existing mortgages, liens, taxes, and other such encumbrances on the property at the time of DWR's acquisition.

CAN SOMEONE REPRESENT THE PROPERTY OWNER DURING NEGOTIATIONS?

Yes. If a property owner would like to be represented during negotiations, please inform the acquisition agent assigned the case. However, DWR will not pay any representation fees or costs of negotiation.

CAN A PROPERTY OWNER KEEP AND MOVE THEIR HOUSE, BUSINESS, BUILDING AND MACHINERY, AND EQUIPMENT?

The acquisition or relocation agent assigned to acquire the necessary property rights will help determine whether a house can or should be moved to another location. In the rare case where the house is movable and the property owner wishes to make such arrangements, the State will pay the fair market value of the land required, plus the reasonable cost of moving the house. There are cases, because of age, size or condition of the house where the cost of moving it is not feasible.

If a property owner operates a business on the property acquired, they may wish to keep and move fixed machinery and equipment. You may do so if the cost (based on a moving estimate) is not greater than the value of the item. If you keep the machinery and equipment, the State can only pay the lesser of the two amounts. Additionally, as an owner of a business conducted on the property to be purchased, you may be entitled to compensation for the loss of goodwill.

If any of these concepts are applicable to your situation, they will be explained fully by the agent assigned to purchase your property.

DOES THE PROPERTY OWNER HAVE TIME TO SELECT ANOTHER HOUSE AFTER DWR ACQUIRES THE PROPERTY?

DWR starts to appraise properties early enough so that property owners have ample time to move prior to project construction. Like any other real estate transaction, it takes approximately two months or longer to close escrow after the right-of-way contract and deed have been signed. You will not be required to move until after escrow has closed and reasonable replacement housing is made available.

If the property owner does not want to buy another house right away, DWR may acquire the property, and the property owner may, depending on the construction schedule, rent the house back from DWR on a temporary basis. It is in the property owner's best interest, however, to look for new housing as soon as possible as renting from DWR cannot be guaranteed. Finding suitable housing before being required to move may minimize personal inconveniences and may help to avoid having to make a choice under pressure.

If the property owner wishes, DWR will, at no cost, provide assistance in finding a new house. Also, DWR must give the property owner at least a 90-day written notice before asking a property owner to move.

WHAT HAPPENS TO AN EXISTING LOAN ON AN ACQUIRED PROPERTY?

After DWR and the property owner have agreed upon a price, a DWR representative will contact all other parties having an interest in the property. As in any other real estate transaction, payment to satisfy outstanding loans or liens will be made during the escrow closing process.

WHAT WILL HAPPEN TO MY GI OR CAL-VET LOAN?

The Veterans Administration and the California Department of Veterans Affairs allow your veteran loan privileges to be transferred and to become available for coverage on another property.

A DWR representative will assist the property owner; however, it is to the owner's benefit, and their responsibility to check with the Veterans Administration or the California Department of Veterans Affairs for procedural instructions.

MUST A PROPERTY OWNER ACCEPT DWR'S OFFER?

No. The property owner is entitled to present to the State verifiable evidence as to the amount they believe to be fair market value of the property rights required for construction, and to make suggestions for changing the terms and conditions of DWR's offer. DWR will consider all evidence and suggestions, and if the information presented is justifiable; an adjustment in DWR's offer may be made.

WHAT HAPPENS IF THE PROPERTY OWNER DOES NOT ACCEPT THE DWR'S OFFER?

A property owner's rights are guaranteed by the Federal and State Constitutions and other applicable state laws. The principal right is that just compensation must be paid for the property rights required. Sometimes when private property is required for public purposes, and the property owner and DWR cannot agree on the terms of sale, the property must be acquired through an eminent domain or "condemnation" proceeding. In cases where this occurs, a decision in court may be necessary; however, it is our earnest hope to avoid such a proceeding which may include additional time and cost to all parties involved.

In order to initiate condemnation, DWR must obtain a Resolution of Necessity from a governing body. For SWP projects, the governing body is the California Water Commission, and for flood control projects it's the CVFPB. A property owner will be given an opportunity to appear before the Commission/Board to question whether public interest, necessity, planning, and location of the proposed project necessitate the acquisition of the property. Under current California law, neither the Commission nor the Board can hear or consider arguments regarding valuation; those issues must be addressed by the courts.

Upon adoption of a "Resolution of Necessity" by the Commission/Board, the appropriate condemnation suit documents will be prepared by the State (Department of Justice) and filed with the court in the county where the property is located.

It is highly recommended that you consult with your attorney regarding these legal matters.

WHAT HAPPENS IN A CONDEMNATION TRIAL?

The main purpose of the trial is to determine the amount of just compensation. Usually the trial is conducted before a judge and jury. In some cases, the judge will decide the amount of just compensation. Both the defendant (property owner) and the plaintiff (State/DWR) will have the opportunity to present evidence to the court for consideration.

It is highly recommended that you consult with your attorney regarding these legal matters.

WHO PAYS THE CONDEMNATION TRIAL COST?

The plaintiff (DWR) pays the costs of its attorney and expert witnesses (i.e., engineering and appraisal). In addition, plaintiff (DWR) will pay the jury fees and certain incidental costs of the defendant which is determined by law to be allowable costs. The fee for filing your answer with the court is an example of such costs.

IF A PROPERTY OWNER WISHES TO PROCEED WITH A TRIAL, MUST THEY HAVE AN ATTORNEY AND EXPERT WITNESSES?

Most property owners choose to be represented by an attorney, although property owners have the right to represent themselves. Property owners are encouraged to consult their own counsel for advice and guidance.

WILL A PROPERTY OWNER BE PAID ANY MOVING EXPENSES OR ANY OTHER RELOCATION ASSISTANCE BENEFITS EVEN IF THEY GO TO COURT?

A decision to go to court has no effect on a property owner's relocation assistance benefits including moving expenses. Payment of moving expenses and relocation benefits are made separately from any the condemnation action. The property owner will be provided details of additional assistance to help displaced persons, businesses, farms or nonprofit organizations in finding, purchasing or renting, and moving to a new location. Please refer to Your Rights and Benefits as a Displacee under the Unformed Relocation Assistance Program brochure.

WILL A PROPERTY OWNER LOSE THEIR CURRENT PROPOSITION 13 TAX BASE?

Section 2(d) of Article XIII A of the California Constitution and Division 1, Chapter 2, [Section 68](#) of the California Revenue and Taxation Code generally provides that property tax relief shall be granted to any real property owner who acquires comparable replacement property after having been displaced by governmental acquisition or eminent domain proceedings. If the property owner has any questions concerning this issue, they are encouraged to contact the local Franchise Tax Board Office, and/or the County Assessor Office.

Note: Revenue and Taxation Code Division 1, Chapter 2, [Section 68](#) sets forth time limits that may affect your eligibility to retain your favorable current real property tax status. Please consult with a tax advisor, your local IRS office, and your attorney for information on how this and other tax laws affect you.

MUST A PROPERTY OWNER PAY CAPITAL GAINS TAX ON SALE PROCEEDS?

According to the Internal Revenue Service, it is not necessary to pay income tax or capital gains tax **if** the money received is used to buy a similar property within a limited period of time. It may be helpful to read and review [IRS Publication 544](#), Chapter 1 "Gain or Loss," which addresses "involuntary conversions" and explains how federal tax rules apply to the condemnation of real property or its sale under the threat of condemnation for public purposes. In every case, however, you should discuss your particular circumstances with your personal tax advisor, your local IRS office, and your attorney.

NOTE: This is an informational pamphlet only. It is not intended to give a complete statement of all State or federal laws and regulations pertaining to the purchase of your property for public use; the relocation assistance program; technical legal definitions; or to provide any form of legal advice. Property owners are encouraged to consult their own counsel for advice and guidance.

DEFINITIONS

The language used in relation to eminent domain proceedings may be new to you. These are some terms you may hear and their general meaning.

CONDEMNATION - The legal process by which a proceeding in eminent domain is accomplished.

PARCEL - Usually means the property that is being acquired.

FAIR MARKET VALUE - The fair market value of the property acquired is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.

JUST COMPENSATION - The amount of money to which a property owner is entitled under the law for the purchase or damage to the property, or for relocation expenses.

DEFENDANT - The property owner and any other persons who may have an interest in the property.

PLAINTIFF - The public agency that desires to purchase the property

COUNSEL - An attorney or attorneys.

TRIAL - The hearing of the facts from plaintiff and defendant in court, either with or without a jury.

VERDICT - The amount of compensation to be paid for the property.

ACQUIRE - To purchase.

POSSESSION - Legal control; to have the right to use, ownership.

ORDER FOR POSSESSION - The instrument allowing the State to use the property of another.

FINAL ORDER OF CONDEMNATION - The instrument which, when recorded, transfers title to public ownership.

PROPERTY - The right or interest which an individual has in land, including the rights to use or possess.