

**AMENDED**  
**BOARD OF DIRECTORS**  
**SAN BENITO COUNTY WATER DISTRICT**  
**Agenda for**  
**June 2, 2025**  
**Special Meeting – 5:00 p.m.**  
**30 Mansfield Road, Hollister, CA 95023**

*Speakers will be limited to 5 minutes to address the Board*

**Assistance for those with disabilities:**

If you have a disability and need accommodation to participate in the meeting, please call Barbara Mauro, Executive Assistant/Board Clerk, at (831) 637-8218, 48 hours prior to meeting for assistance so the necessary arrangements can be made.

Effective at the April 27, 2022, The Board of Directors is now allowing the public to attend in person at all meetings of the San Benito County Water District Board. We will also continue to offer the meeting via Zoom as well. Regarding virtual participation, members of the public are instructed to be on mute during the proceedings and to speak only when public comment is allowed, after requesting and receiving recognition from the Board President.

**ZOOM LINK**

<https://us06web.zoom.us/j/82990156417?pwd=EhegPuQBI4xqcptcCh6offbJ0XLfn.1>

**Meeting ID**

829 9015 6417

**Passcode:**

238483

**Dial Only:**

Dial by your location

- +1 669 444 9171 US
- +1 719 359 4580 US
- +1 720 707 2699 US (Denver)
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- +1 253 215 8782 US (Tacoma)
- +1 346 248 7799 US (Houston)

If you plan to participate in the meeting and need assistance, please call  
Barbara Mauro, Board Clerk, at (831) 637-8218, 48 hours prior to meeting.

**CALL TO ORDER**

- a. Pledge of Allegiance to the Flag
- b. Roll Call
- c. Approval of the Agenda
- d. Speakers will be limited to 5 minutes to address the Board

## **AGENDA ITEMS:**

1. Consider Approval of Ordinance Establishing Capacity Fees within the District's Zone 6 Service Area, First Reading
2. Consider Approval of Four Well, Pumping Plant, and Easement Agreements for the Accelerated Drought Response Project (ADRoP), and Authorize the General Manager to Sign
  - a. 1490 Fallon Road
  - b. 880 Fallon Road
  - c. 350 Scagliotti Road
  - d. E/L Scagliotti Road & S/L Fallon Road

## **ADJOURNMENT**

All public records relating to an agenda item on this agenda are available for public inspection at the time the record is distributed to all, or a majority of all, members of the Board. Such records shall be available at the District office located at 30 Mansfield Road, Hollister, California.
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**BOARD OF DIRECTORS  
SAN BENITO COUNTY WATER DISTRICT**

**San Benito County Water District  
Agenda Transmittal**

**Agenda Item:**

1

**Meeting Date:** June 2, 2025

**Submitted By:** Brett Miller

**Presented By:** Brett Miller

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**Agenda Title:** Consider Approval of Ordinance Establishing Capacity Fees with the District's Zone 6 Service Area, First Reading

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**SUBJECT:**

Introduction of a proposed Ordinance adding Chapter 4.53 to Title 4 of the District Code, establishing capacity fees for new water service connections within the District's Zone 6 service area; approval to set a public hearing on June 25, 2025.

**STAFF RECOMMENDATION:**

Introduce and Waive the First Reading of An Ordinance of the Board of Directors of the San Benito County Water District Establishing Capacity Fees Within the District's Zone 6 Service Area; Adding Chapter 4.53 to the District Code ("Capacity Fee Ordinance"). **(Attachment 1.)**

Approval to Set a Public Hearing on June 25th, 2025, for the Second Reading and Potential Adoption of the Capacity Fee Ordinance.

**DISCUSSION:**

The capacity fees proposed by the Capacity Fee Ordinance will apply to all new water service connections that receive treated water from any of the District's wholesale water customers within the District's Zone 6 zone of benefit. The Capacity Fee Ordinance requires a one-time payment of \$12,327 per equivalent meter ("EM"), the full payment of which will be due prior to obtaining the respective building permit(s) for the development project. The revenues collected from capacity fees will be used to fund the costs of new water supply projects that the San Benito Urban Areas Water Supply and Treatment Master Plan Update ("Master Plan") determined were needed to meet anticipated future development. As a result, the intent of the Capacity Fee Ordinance is to require that new development pay the costs for the new water supply projects that are needed to accommodate projected future growth, as opposed to using fees paid by existing customers to subsidize that cost.

Under section 66013 of the Government Code, the District has the statutory authority to adopt capacity fees for new water service connections. Capacity fees are also commonly known as capacity charges, developer fees, development impact fees, or connection fees. Capacity fees are one-time capital charges assessed against a new development to recover the proportional share of capital facility investment necessary to accommodate growth. Capacity fees cannot exceed the estimated reasonable cost of providing the service for which the fee is charged. If a proposed capacity fee exceeds the estimated reasonable cost of providing service, then it is subject to a two-thirds voter approval requirement. (Government Code section 66013(a).)

In order to demonstrate that a proposed capacity fee does not exceed the estimated reasonable cost of the service provided and that voter approval of the capacity fee is not required, District staff engaged Raftelis Financial Consultants to develop a Capacity Fee Report. (**Attachment 2.**) This report evaluated the anticipated costs of the District's planned water supply expansion projects and used established methodology to determine the appropriate dollar amount for the capacity fee. The analysis in the Capacity Fee Report demonstrates that the proposed capacity fee amount (\$12,327 per EM) does not exceed the estimated reasonable cost of providing water service to new development. More details regarding the projects that will be funded by the capacity fee and the Capacity Fee Report's findings are discussed below.

*Proposed Capacity Fees.* The Capacity Fee Report evaluated the District's growth-related capital costs to be recovered by the capacity fees. This included the District's capital costs associated with two growth projects: (1) the North Area Groundwater Phase 1; and (2) BF Sisk growth-related capacity. The District's estimated adjusted capital cost for these growth projects is \$115.3 million. The proposed capacity fee is therefore based on the adjusted capital cost divided by the estimated equivalent meters that can be served by that increased capacity.

Line Item	Value
Adjusted Capital Cost	\$115,294,935
Equivalent Meters	9,353
<b>Capacity Fee, \$/EM</b>	<b>\$12,327</b>

The proposed base capacity fee is \$12,327 for each new single-family dwelling unit (an "Equivalent Dwelling Unit" or "EDU"). The standard EM size, on which the capacity fee is based, relies on the assumption that a 5/8" meter is needed for each EDU. As the table below demonstrates, when the meter size goes up, then the applicable capacity fee increases proportionally. The applicable capacity fee for meters larger than 4" will be determined by the District upon request.



Meter Size	Ratio	Fee, \$/mtr
5/8"	1.00	\$12,327
3/4"	1.50	\$18,490
1"	2.50	\$30,817
1.5"	5.00	\$61,635
2"	8.00	\$98,616
3"	17.50	\$215,722
4"	31.50	\$388,300

The capacity fees will be eligible for annual inflationary increases each year based on the Consumer Price Index for the San Francisco Bay Area All Urban Index. As the base meter size is adjusted annually, the other meter sizes will be adjusted according to the ratios shown in the table above.

*Addition of Chapter 4.53 to the District Code.* The District has not previously adopted capacity fees for new water service connections. Thus, the District's Code of Regulations does not contain an applicable code chapter to which the proposed capacity fees can be incorporated. As a result, the proposed Capacity Fee Ordinance will add Chapter 4.53 to the District Code, setting forth the capacity fees and associated regulations.

*Adoption Procedures.* Under applicable law, the District cannot approve or adopt an Ordinance within five days of the first reading, and final adoption of the Ordinance must be at a regular meeting. The District's legal counsel has recommended that the first reading of the Ordinance be waived at the May 28, 2025 meeting, as allowed under applicable law. Counsel further recommends that the Ordinance be adopted (*i.e.*, the "second reading") at the June 25, 2025 meeting in the form of a "public hearing." While applicable law does not expressly require a public hearing, it requires that "oral or written presentations" be allowed. Counsel recommends holding a public hearing as a legally conservative approach because it demonstrates that the District offered clear opportunities for public engagement. Under applicable law, the Ordinance will become effective on the sixty-first day after its adoption (following the second reading).

#### **FISCAL IMPACT:**

Staff estimates that the proposed capacity fees will generate approximately \$115 million in revenue, as adjusted by future inflation, to cover the District's estimated capital costs associated with new growth.

#### **ATTACHMENTS:**

1. Proposed Ordinance of the Board of Directors of the San Benito County Water District (Establishing Capacity Fees Within the District's Zone 6 Service Area; Adding Chapter 4.53 to the District Code).
2. Raftelis Water Capacity Fee Final Report.
3. Finance Committee Recommendation

# **ATTACHMENT 1**

Proposed Ordinance of the Board of Directors of the San Benito County Water District  
Establishing Capacity Fees Within the District's Zone 6 Service Area; Adding Chapter  
4.53 to the District Code.

**ORDINANCE NO. 66**

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE  
SAN BENITO COUNTY WATER DISTRICT  
(ESTABLISHING CAPACITY FEES WITHIN THE DISTRICT'S ZONE 6  
SERVICE AREA;  
ADDING CHAPTER 4.53 TO THE DISTRICT CODE)**

**BE IT ORDAINED BY THE BOARD OF  
DIRECTORS OF THE SAN BENITO  
COUNTY WATER DISTRICT THAT  
ORDINANCE NO. 66 IS ENACTED AS  
FOLLOWS:**

1. Authority. Pursuant to the Water Code Appendix sections 70-6 and 70-9.2, the San Benito County Water District (District) has the express authority to impose fees and charges for water service by any and every lawful act necessary for a sufficient water supply to be available for present and future beneficial use, and to establish such fees and charges by ordinance. District ordinances shall be adopted pursuant to the same procedures applicable to the County of San Benito. The District adopts this Ordinance to establish capacity fees all new water service connections that will receive treated water from the District's wholesale water customers within the District's Zone 6 service area, as the boundaries of Zone 6 may be amended from time to time, including the Sunnyslope County Water District and the City of Hollister, as well as potential future customers in the City of San Juan Bautista, pursuant to sections 66013 and 66016 of the California Government Code.
2. Findings. The following findings are adopted by the Board.
  - a. The District owns water treatment plants in the Hollister Urban Area that deliver treated water to the District's wholesale water customers, which provide municipal and industrial water service within those customers' respective service areas. These wholesale customers include the Sunnyslope County Water District and the City of Hollister. The District contemplates that the City of San Juan Bautista may be added as a wholesale water customer.
  - b. The District manages local and imported surface water through the San Benito River System and the San Felipe Distribution System in order to deliver imported Central Valley Project ("CVP") water to the aforementioned retail water agencies.
  - c. The District's 2023 San Benito Urban Areas Water Supply and Treatment Master Plan Update states that current urban water

demands are approximately 5,560 acre-feet per year ("AFY"), and that, due to anticipated urban growth, projected urban water demands will be approximately 12,500 AFY by 2045. Because existing water supplies cannot satisfy anticipated future demand, the 2023 San Benito Urban Areas Water Supply and Treatment Master Plan Update identifies potential future projects that can provide supplemental water supplies for new development.

- d. The District finds that new growth within the District's Zone 6 which will receive treated water from District-owned treatment facilities should pay a fair share of the cost of future projects that can provide supplemental water supplies for new development and that existing customers should not subsidize the cost of providing supplemental water for new growth.
- e. The capacity fees established herein are for the purposes of funding capital projects and improvements necessary to provide supplemental water for new growth within the District's Zone 6.
- f. Pursuant to Government Code section 66016.6, the District prepared a Water Capacity Fee Report ("Capacity Fee Study") to evaluate capacity fees that can be charged to new development to fund the costs of supplemental water supplies that do not exceed the estimated reasonable cost of providing water service.
- g. Pursuant to Government Code section 66016.6, at least 14 days prior to the meeting held on May 28, 2025, the District posted on its website, shared with interested stakeholders, and made available to at its district office, located at 30 Mansfield Road in Hollister, California, the Capacity Fee Study containing evidence to support that the capacity fees do not exceed the estimated reasonable cost of providing service.
- h. The District's decision to adopt capacity fees is not subject to environmental review under the California Environmental Quality Act (CEQA). First, the capacity fees, in and of themselves, do not have the potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment and therefore are not considered a "project" under CEQA. (Pub. Resources Code, § 21065; 14 Cal. Code Regs., § 15378, subd. (a).) Further, capacity fees are a government funding mechanism that does not involve any commitment by the District to any specific project which may result in a potentially significant physical impact on the environment. (14 Cal. Code Regs., § 15378, subd. (b)(4).)



- i. The capacity fees will not be levied as an incident of property ownership but are levied solely at the request of a property owner or its agency for the privilege of gaining access to water supplies from the District's treated water system and related facilities.
  - j. The capacity fees for new connections do not involve rates, delivery charges, or fixed monthly charges for water delivery or treatment. The capacity fees are imposed only as a condition of receiving water service through new connections.
  - k. The capacity fees adopted by this Ordinance do not exceed the estimated reasonable costs of providing the services for which the fees or charges are imposed.
3. Adoption of Water Capacity Fee Report. The capacity fees reflected in the Raftelis Water Capacity Fee Report are hereby adopted as the new capacity fees for all new water service connections that will receive treated water from the District's wholesale water customers within the District's Zone 6 service area, as the boundaries of Zone 6 may be amended from time to time, including the Sunnyslope County Water District and the City of Hollister as well as potential future customers in the City of San Juan Bautista.
4. Addition of Chapter 4.53 to the District Code. Chapter 4.53 shall be added to the District Code of Regulations setting forth the capacity fees adopted pursuant to this Ordinance, and shall read in full as follows:

#### **Chapter 4.53 – CAPACITY FEES**

##### **4.53.010 – Purpose and intent.**

The purpose and intent of this Chapter is to set forth the rules and regulations that shall apply to capacity fees for new water service connections that will receive treated water from the District's wholesale water customers within the Zone 6 service area, as the boundaries of Zone 6 may be amended from time to time, including the Sunnyslope County Water District and the City of Hollister, as well as potential future customers in the City of San Juan Bautista.

##### **4.53.020 – Applicability.**

The capacity fees established by this Ordinance shall apply to new water service connections that will receive treated water from the District's wholesale water customers within the District's Zone 6 service area, as the boundaries of Zone 6 may

be amended from time to time, including the Sunnyslope County Water District and the City of Hollister, as well as potential future customers in the City of San Juan Bautista.

**4.53.030 – Effective date.**

The capacity fees shall take effect at 12:01 a.m. on the sixty-first day following the final Board action on the adoption of the capacity fee or an increase thereto.

**4.53.040 – Capacity fees.**

A capacity fee for the right of service in existing, proposed, and pending water supply, treatment, storage, transmission, and distribution facilities of the District shall be payable to the District for all new water service connections that will receive treated water from the District's wholesale water customers within the District's Zone 6 service area, as the boundaries of Zone 6 may be amended from time to time, including the Sunnyslope County Water District and the City of Hollister, as well as potential future customers in the City of San Juan Bautista. The capacity fees shall be in the amounts as set forth in Appendix A of this Chapter, incorporated herein by reference.

**4.53.050 – Adjustment of capacity fees.**

The capacity fees shall be automatically adjusted each July 1 using the Consumer Price Index for the San Francisco Bay Area—All Urban Index for May of the then current year and May of the previous year.

**4.53.060 – Payment of all fees.**

No property or facility within the boundaries of the District's Zone 6 service area, as the boundaries of Zone 6 may be amended from time to time, shall be eligible to receive treated water from the District's wholesale water customers, including the Sunnyslope County Water District and the City of Hollister, as well as potential future customers in the City of San Juan Bautista, until all applicable capacity fees are paid in full. The full payment of all applicable capacity fees shall be due prior to obtaining the respective building permit(s) for the development project.



#### **4.53.070 – Effect of Repeal or Amendment on Past Actions and Obligations.**

This Ordinance does not affect prosecutions for ordinance violations committed prior to the effective date of this Ordinance, does not waive any fee or penalty due and unpaid on the effective date of this Ordinance, and does not affect the validity of any bond or case deposit posted, filed, or deposited pursuant to the requirements of any ordinance.

#### **4.53.080 – Expiration of building permit.**

If a building permit expires, those capacity fees previously paid in relation thereto shall not be refunded. If a new building permit is subsequently sought for the same parcel, a capacity fee shall be paid prior to issuance of a new permit. The amount of the capacity fee shall be the current capacity fee less the prior amount paid.

#### **4.53.090 – Fee limitation.**

The capacity fees adopted by this Ordinance shall not exceed the estimated reasonable costs of providing the services for which the capacity fees are imposed. Any charges that exceed the reasonable costs of providing the service shall be refunded.

#### **4.53.100 – Record of fees.**

The District shall keep accurate records concerning the collection of capacity fees. Such records shall set forth the amount of capacity fees paid for each parcel of land, building, or improvement within the District's Zone 6 boundaries.

#### **4.53.110 – Rounded fees.**

Capacity fees shall be rounded to the nearest dollar.

#### **4.53.120 – Appeals.**

An appeal from any decision or determination made pursuant to this Chapter may be made to the Board of Directors. Any such appeal shall be in writing and shall be filed with the District's Manager of Administration, Finance, and Business Services within 15 days after the decision or determination. In the absence of such an appeal, the decision or determination

shall be deemed final. In the event of such an appeal, the decision or determination appealed shall be final upon the final decision reached by the Board of Directors upon such an appeal.

5. Effective Date of Ordinance. Pursuant to Government Code section 66017(a), this ordinance shall become effective and in full force and effect at 12:01 a.m. on the sixty-first day after its final passage.
6. Publication. Within 15 days after its passage, this Ordinance shall be published once in a newspaper of general circulation in the County of San Benito, State of California, together with the names of the members of the Board of Directors voting for and against the same.

**PASSED AND ADOPTED** this 25<sup>th</sup> day of June 2025, by the San Benito County Water District Board of Directors by the following vote:

AYES: DIRECTORS:

NOES: DIRECTORS:

ABSENT: DIRECTORS:

ABSTAIN: DIRECTORS:



(Signature of presiding Board member  
Attested by Board Secretary  
Ordinance #66)

\_\_\_\_\_  
Doug Williams  
President

ATTEST:

\_\_\_\_\_  
Barbara L. Mauro  
Board Secretary


DRAFT

## APPENDIX A – WATER CAPACITY FEES

A. RATE PER EQUIVALENT METER - \$12,327

B. WATER SUPPLY CAPACITY AT DIFFERENT METER SIZES

The table included herein sets forth the capacity fee for different meter sizes, from 5/8" to 4". The District will charge new single family residences which are required to install a 1" meter for fire requirements at the 5/8" capacity fee.



Meter Size	Ratio	Fee, \$/mtr
5/8"	1.00	\$12,327
3/4"	1.50	\$18,490
1"	2.50	\$30,817
1.5"	5.00	\$61,635
2"	8.00	\$98,616
3"	17.50	\$215,722
4"	31.50	\$388,300

**Meters Larger than 4":** The capacity fee for meters that are greater than 4" shall be set by the District upon request.

# **ATTACHMENT 2**

Raftelis Water Capacity Fee Final Report.



**SAN BENITO COUNTY WATER DISTRICT**

# **Water Capacity Fee Report**

**FINAL REPORT / MAY 7, 2025**





May 7, 2025

Mr. Brett Miller, CPA, CPFO  
Assistant General Manager  
San Benito County Water District  
30 Mansfield Road  
Hollister, CA 95023

**Subject: Water Capacity Fee Report – FINAL**

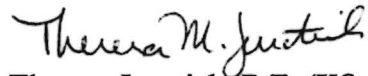
Dear Mr. Miller:

Raftelis is pleased to provide this Water Capacity Fee report for the San Benito County Water District (SBCWD) to develop a water capacity fee.

This report summarizes the methodology for calculating the fee and presents the recommended water capacity fee.

It has been a pleasure working with you, and we thank you and SBCWD staff for the support provided during the course of this study.

Sincerely,



**Theresa Jurotich, P.E. (KS, WA), PMP**  
Manager

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# 1. Executive Summary

## 1.1. Background

San Benito County Water District (SBCWD) manages the water resources within San Benito County and is the Groundwater Sustainability Agency for the county. SBCWD provides retail and wholesale potable water services as well as groundwater replenishment and recycled water. SBCWD owns two surface water treatment plants and manages local and imported surface water through the San Benito River System and the San Felipe Distribution System, respectively. A portion of the drinking water delivered to the Sunnyslope County Water District and City of Hollister becomes recycled water (from the City of Hollister's reclamation plant) that is used for irrigation. The imported water improves overall water quality as the groundwater pumped from local aquifers has varying levels of salts and high mineral content.

## 1.2. Background of the Study

SBCWD is developing a capacity fee for the purpose of funding potential water supply projects to accommodate future growth in municipal customers. This report documents the resultant findings, analyses, and proposed SBCWD water capacity fees. The capacity fees documented in this report are in accordance with the rules and regulations of California State Government Code Section 66013. This report is the formal technical documentation in support of adoption of the water capacity facility fees within SBCWD's service area including data sources, methodology, results, and comparisons.

The major objectives of the study include the following:

- Develop capacity fees to fund the proposed water supply expansion projects being developed by the SBCWD;
- Ensuring capacity fees are fair to both future users and to existing users who have invested, and reinvested, in the water supply system.

## 1.3. Capacity Fees

Capacity fees are also commonly known as developer fees, development impact fees, connection fees, and system development charges, among others. This report uses the term capacity fees reflecting the nomenclature most common in California. Capacity fees are one-time capital charges assessed against a new development to recover the proportional share of capital facility investment necessary to accommodate growth. Capacity fees are codified in the California Government Code Sections 66013-66025. Capacity fees must reflect the link between the fee imposed on, and the benefit received by, a new connection to the system. The fee charged may not exceed the estimated reasonable cost of providing the service for which the fee is charged.

Broadly, utilities use one of three different methodologies to calculate capacity fees: Buy-In, Incremental, and Hybrid; with variations of each dictated by local community and system characteristics, as well as policy objectives. Utilities have broad latitude in the method and approach used to calculate fees provided the fees do not exceed the estimated reasonable cost for providing service for which the fee is charged.

## 1.4. Recommended Fees

Since SBCWD is capacity constrained, the Raftelis Team recommends using the incremental method. Raftelis worked closely with SBCWD staff and referenced the Final San Benito Urban Areas Water Supply and Treatment Master Plan Update (October 25, 2023) to determine the estimated cost of proposed water supply expansion projects and the estimated number of new equivalent single family dwelling units (EDU) that could be supported by the proposed water supply expansion projects. In an email from HDR on May 2, 2025, an EDU was defined as a 5/8" meter (equivalent meter (EM)).

The capacity fee is \$12,327/EM. The fee for other meter sizes is determined based on AWWA safe operating capacities. This fee will be adjusted annually each July 1 using the Consumer Price Index for the San Francisco Bay Area – All urban index for May of the then current year and May of the previous year.

## 2. Background

For publicly owned systems, most of the assets are typically paid for by the contributions of existing customers through rates, charges, securing debt, and taxes. In service areas that incorporate new customers, the infrastructure developed by previous customers is generally extended towards the service of new customers. Existing customers' investment in the existing system capacity allows newly connecting customers to take advantage of unused surplus capacity. To further economic equality among new and existing customers, new connectors will typically "Buy-In" to the existing and pre-funded facilities based on the existing assets, effectively putting them on par with existing customers. In other words, the new users are buying into the existing system based on the replacement costs of existing assets to continue to provide the same level of service to new customers through repairs, expansions, and upgrades to the system.

The basic economic philosophy behind capacity fees is that the costs of providing service should be paid for by those that receive utility from the product. To achieve fair distribution of the value of the system, the charge should reflect a reasonable estimate of the cost of providing capacity to new users and not unduly burden existing users through a comparable rate increase. Accordingly, many utilities make this philosophy one of their primary guiding principles when developing their capacity fee structure.

The philosophy that service should be paid for by those that receive utility from the product is often referred to as "growth-should-pay-for-growth." The principal is summarized in the American Water Works Association (AWWA) Manual M26: Water Rates and Related Charges:

*"The purpose of designing customer-contributed-capital system charges is to prevent or reduce the inequity to existing customers that results when these customers must pay the increase in water rates that are needed to pay for added plant costs for new customers. Contributed capital reduces the need for new outside sources of capital, which ordinarily has been serviced from the revenue stream. Under a system of contributed capital, many water utilities are able to finance required facilities by use of a 'growth-pays-for-growth' policy."*

This principle, in general, applies to water, wastewater, and storm drainage systems. In the excerpt above, customer-contributed-capital system charges are equivalent to capacity fees.

Values shown in report tables and figures are rounded to the digit shown. Therefore, any manual reproduction of the calculations shown may not match the precise results displayed in the report.



## 3. Methodology Overview

A capacity fee is a one-time charge paid by a new water system customer for the cost of backbone facilities and incremental expansion necessary to provide water system capacity to that new customer. However, it is also assessed to existing customers requiring increased water system capacity. Backbone facilities refers to those components of the system that are necessary to provide service to all customers, inclusive of supply, treatment and transmission lines. Revenues generated by this charge are used to pay for growth-related water facilities.

### 3.1. Capacity Fee Methodologies

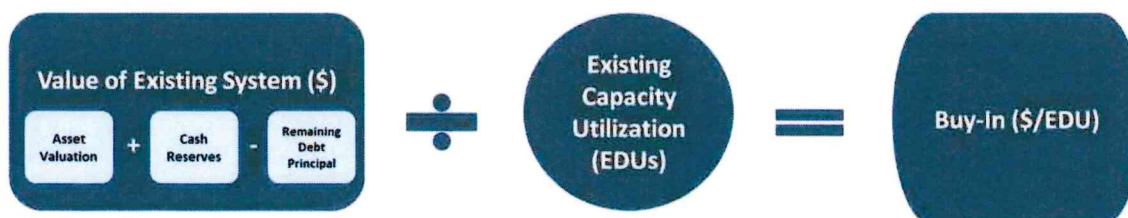
The method for calculating capacity fees generally utilizes one of the following three approaches: Buy-In, Incremental, or Hybrid. The Buy-In approach is designed to recover the historical costs of plant investment in proportion to the amount of built capacity, some of which is available for new growth. The Incremental approach is designed to recover the costs of future growth-related projects and the additional capacity those projects will yield. The Hybrid approach is appropriate where some remaining capacity is available in the existing system and where new, future facilities are required for development.

#### 3.1.1. Buy-In Method

The Buy-In Method is based on the premise that new customers are entitled to service at the same cost as existing customers. Under this approach, new customers pay only an amount equal to the current system value, either using the original cost or replacement cost as the valuation basis and either netting the value of depreciation or not. This net investment, or value of the system, is then divided by the current capacity utilization on the system by existing users to determine the Buy-In cost per unit.

For example, if the existing system has 100 equivalent dwelling units and the new connector uses an equivalent unit, then the new customer would pay 1/100 of the total value of the existing system. By contributing this capacity fee, the new connector has “bought in” to the existing system. The new user has effectively acquired a financial position on par with existing customers and will face future capital re-investment on equal financial footing with those customers. This approach is suitable when: (1) an agency has built most or all of their facilities and only a small, or no, portion of future facilities are required for build-out development, (2) an agency does not have a detailed adopted long-term capital improvement plan, or (3) an agency’s “build-out” date is so far out in the future that it is difficult to accurately project growth and required facilities with precision. Figure 3-1 shows the framework for calculating an Equity Buy-In capacity fee.

Figure 3-1: Formula for Equity Buy-In Approach

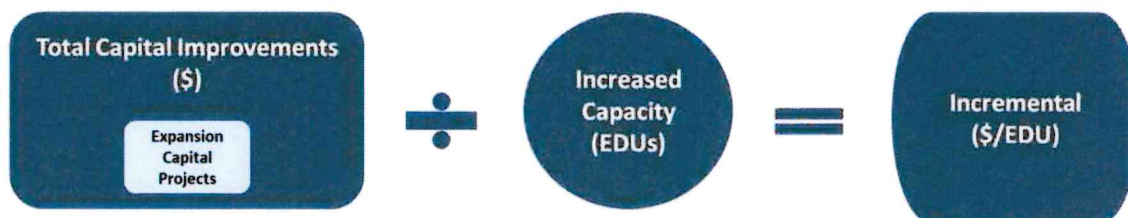


### 3.1.2. Incremental Cost Method

The Incremental-Cost Method states that new development (new users) should pay for the additional capacity and expansions necessary to accommodate them. This method is typically used when there are specific capital improvements needed to furnish growth for new development. Under the Incremental-Cost Method, growth-related capital improvements are allocated to new development based on their estimated usage or capacity requirements, irrespective of the value of past investments made by existing customers.

For instance, if it costs X dollars (\$X) to provide water supply for 100 additional equivalent dwelling units and a new connector uses one of those equivalents, then the new user would pay \$X/100 to connect to the system. In other words, new customers pay the incremental cost of capacity based on the estimated cost of the new facility projects. This method is generally used when detailed facilities are identified for the capacity required to serve new customers and little to no existing system capacity is available for development. While California Code 66013 (b)(3) does not define a specific period over which to include future projects, these periods can be as long as a master planning period. Figure 3-2 shows the framework for calculating an incremental cost capacity fee.

Figure 3-2: Formula for Incremental Cost Method



### 3.1.3. Hybrid Method

The Hybrid Method is typically used where some capacity is available to serve new growth, but additional expansion is still necessary to accommodate new development. Under the hybrid method, the capacity fee is based on a weighted average of the existing capacity value and the costs of necessary expansions (i.e., the Buy-In component and the Incremental-cost component).

Capital improvements that are required to serve existing users and expand system capacity to serve future customers may be included proportionally to the percentage of the cost specifically required for expansion of the system.

### 3.1.4. Recommended Methodology

Since SBCWD is capacity constrained, the Raftelis Team recommends using the incremental method.

## 3.2. Asset Valuation Options

Four principal methods are used to estimate the value of existing facilities: original cost, replacement cost, original cost less depreciation, and replacement cost less depreciation.

### 3.2.1. Original Cost

The principal advantages of original cost valuation are relative simplicity and stability since the recorded costs of fixed assets are held constant. The major criticism levied against the original cost method is that it

disregards changes in the time value of money, and future capital costs, which are attributable to inflation and other factors. As evidenced by history, prices tend to increase rather than to remain constant or decrease. This situation may be exacerbated since most water and sewer systems are developed over time on a piecemeal basis as demanded by the customer base and service area growth. Consequently, each asset addition is paid for with dollars of different purchasing power. When these outlays are added together to obtain a plant value, the result can be misleading. Additionally, original cost does not account for the depreciation of facilities and other assets as they age, which may not be representative of the state of the systems. We discuss depreciation in further detail below.

### **3.2.2. Replacement Cost**

Changes in the value of the dollar over time, represented by cost inflation, is recognized by the replacement cost valuation. The replacement cost represents the cost of duplicating the existing water and sewer facilities (or duplicating their functions) at current dollars. Unlike the original cost approach, the replacement cost approach recognizes price level changes that have occurred since plant construction and subsequent investments. The most accurate replacement cost valuation requires a physical inventory and appraisal of plant components in terms of their replacement costs at the time of valuation. However, with original cost records available, a reasonable approximation of replacement cost plant value can be easily derived by trending historical original costs. This approach employs the use of cost indices to express actual capital investment by the utility in current dollars. An obvious advantage of the replacement cost approach is that it accounts for changes in the value of money over time. However, just like original cost it does not account for the depreciation of facilities and other system assets.

### **3.2.3. Original Cost Less Depreciation**

The current value of water and sewer facilities is materially affected by the effects of age. All assets have estimated useful lives, which vary by type. For example, pumps may have a 20-year life, buildings 50 years, and pipelines 40-80 years depending on the material of construction. Each year an asset is revalued by the fraction of its useful life relative to its original cost. This is referred to as straight line or linear depreciation. At the end of an asset's useful life, it is worth zero dollars on paper, though it may still be in service.

Depreciation accounts for estimated devaluation in system assets caused by wear and tear, decay, inadequacy, and obsolescence. To provide appropriate recognition of the effects of depreciation on existing water and sewer systems, the original cost valuation can be expressed as net of depreciation to yield the original cost less depreciation. Accumulated depreciation is computed for each asset and reduces the valuation based on age or condition, from the respective total original cost.

### **3.2.4. Replacement Cost Less Depreciation (RCLD)**

The RCLD is identical to the original cost less depreciation valuation method, with the exception that asset cost and asset depreciation is expressed in today's dollars rather than the value of the dollar when the asset was placed in service. Original cost and depreciation are inflated using historical indices to reflect today's dollars. Replacement cost depreciation is then subtracted from the replacement cost of the asset to yield replacement cost less depreciation. RCLD allows for an accounting of system assets in present value while also accounting for proportional devaluation via depreciation. To reiterate from Section 3.2.2, replacement cost is the common nomenclature; however, in the context of this study it is not a process to appraise or receive bids on replacing each existing asset or facility; it is instead a method of approximating the replacement cost of existing facilities based on historical construction cost increases.

### **3.2.5. Recommended Asset Valuation Method**

Raftelis recommends using the RCLD method to account for today's replacement cost for system improvements while acknowledging the remaining useful life of the system facilities. This valuation approach ensures that future users' investment represents a fair share of the system in both the accounting sense and the level of service these future users are purchasing.



## 4. Capacity Fee Development

The incremental method capacity fee is based on the cost of potential water supply expansion projects divided by the additional capacity provided by those projects. Potential water supply expansion projects have been identified by SBCWD's engineering consultants, HDR<sup>1</sup>.

Table 4-1 shows the steps to determining the estimated number of single-family residential (SFR) dwelling units that can be served by the proposed water supply expansion projects. Per HDR, the average annual yield of the North Area Groundwater Phase 1 is anticipated to be approximately 1,000 AF, and the average yield of the BF Sisk project is anticipated to be approximately 1,500 AF<sup>2</sup>. Due to mixing of water sources to meet quality requirements, each unit of demand for new developments will be met with an 81/19 percent mix of new water source to current water source. This in effect increases the average annual yield to 3,086 AF. The presumed average demand per single-family residential dwelling unit is 0.33 AF<sup>3</sup>. Dividing 3,086 AF of capacity by 0.33 AF of demand per unit results in an estimated 9,353 single-family equivalent units that can be served by the new capacity. The equivalent meter (EM) size associated with an EDU is a 5/8" meter per an email from HDR on May 2, 2025.

**Table 4-1: Estimated New Units Served by Growth Projects**

Line Item	Average Annual Yield,		Unit
	AF	Growth	
North Area Groundwater Phase 1	1,000	100%	1,000
BF Sisk growth-related capacity, AF	1,500	100%	1,500
Total additional capacity, AF			2,500
% of New Demand met through New Sources			0.81
Adjusted additional capacity, AF			3,086
Demand (AF)/SFR unit			0.33
Estimated new units (5/8" meters)			9,353

Table 4-2 shows the development of the growth-related capital cost to be recovered by the capacity fee. The capital cost for the two growth projects in February 2021 dollars as developed by HDR is \$64.1 million<sup>4</sup>. Those costs were escalated to 2025 dollars using the Engineering News Record Construction Cost Index for San Francisco between February 2021 and February 2025. In addition to the capital costs, costs associated with financing the projects have been included. The discounted value of the cost of issuance on debt funding and debt interest have been added. The discounted value of the interest earnings on a debt reserve fund associated with planned debt issues have been subtracted. The cost of issuance and interest earnings on the debt reserve fund are discounted using a 0.5 percent discount rate, which is the presumed interest earnings rate. The debt interest has been discounted using an estimated real rate of 2.2 percent, which is calculated as the debt interest rate (5.6 percent) less the 5-year average Consumer Price Index for San Francisco (3.4 percent). The adjusted capital cost is \$115.3 million.

<sup>1</sup> Kennedy, Holly, et al., "Final San Benito Urban Areas Water Supply and Treatment Master Plan Update", HDR, Folsom, California, October 25, 2023.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

**Table 4-2: Adjusted Capital Cost**

<b>Basis of Proposed Water Supply Capacity Fees</b>	
Growth Capital Projects	\$74,364,246
Cost of Issuance, Discounted	\$458,746
Debt Interest, Discounted	\$40,972,149
Debt Reserve Interest Earnings Applied towards last payment, Discounted	-\$500,207
<b>Adjusted Capital Cost</b>	<b>\$115,294,935</b>

Table 4-3 shows the calculation of the new water supply capacity fee on an equivalent meter basis. The fee is the adjusted capital cost divided by the estimated equivalent meters that can be served by that capacity. This fee will be adjusted annually each July 1 using the Consumer Price Index for the San Francisco Bay Area – All urban index for May of the then current year and May of the previous year.

**Table 4-3: Water Supply Capacity Fee**

<b>Line Item</b>	<b>Value</b>
Adjusted Capital Cost	\$115,294,935
Equivalent Meters	9,353
<b>Capacity Fee, \$/EM</b>	<b>\$12,327</b>

Table 4-4 shows the initial capacity fee at meter sizes from 5/8" to 4". SBCWD plans to charge new single family residences that have to install a 1" meter for fire requirements at the 5/8" capacity fee. As the base meter size fee is adjusted annually, the other meter sizes will be adjusted according to the ratios shown in Table 4-4.

**Table 4-4: Water Supply Capacity at Different Meter Sizes**

<b>Meter Size</b>	<b>Ratio</b>	<b>Fee, \$/mtr</b>
5/8"	1.00	\$12,327
3/4"	1.50	\$18,490
1"	2.50	\$30,817
1.5"	5.00	\$61,635
2"	8.00	\$98,616
3"	17.50	\$215,722
4"	31.50	\$388,300

# **ATTACHMENT 3**

Finance Committee Recommendation, May 20, 2025

BOARD AGENDA MEMO

DATE: May 20, 2025

TO: Board of Directors

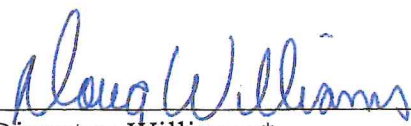
FROM: Finance Committee (Williams\*/Freeman)

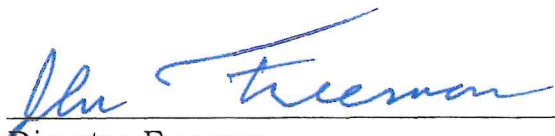
SUBJECT: Consider Recommending the Board Approve an Ordinance for a Capacity Fee

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The Finance Committee met on May 20, 2025 and staff reviewed the draft Ordinance that would implement a capacity fee.

The Finance Committee recommends the Board Approve an Ordinance that implements a Capacity Fee.

  
\_\_\_\_\_  
Director Williams\*

  
\_\_\_\_\_  
Director Freeman

## Finance Committee Meeting May 20, 2025

**Action Required:** X Ordinance \_\_\_\_\_ Motion \_\_\_\_\_ Review \_\_\_\_\_

Ordinance No. \_\_\_\_\_ Motion By \_\_\_\_\_ Second By \_\_\_\_\_

Noes \_\_\_\_\_ Absent \_\_\_\_\_

Reagendized \_\_\_\_\_ Date \_\_\_\_\_ No Action Taken \_\_\_\_\_



Agenda

Item

# 2





# DOKKEN ENGINEERING

*Transportation Solutions from Concept to Construction*

May 28, 2025

Dokken Engineering Jamie Formico, SR/WA  
Right of Way Manager  
110 Blue Ravine Road, Suite 200  
Folsom, CA 95630

Re: Appraisal Review:  
Permanent Easement and Temporary Construction Easement  
Fallon LLC Property  
1490 Fallon Road, Hollister, CA  
APN: 017-060-011

Dear Ms. Formico:

As requested, I have completed a desktop review of an appraisal report prepared by Randall Blaesi, ASA, MRICS, and David M. Rosenthal, MAI, FRICS of Curtis-Rosenthal, Inc., of the above-referenced property. The interest appraised involves a permanent easement and a temporary construction easement with an effective date of 5/20/2025. This review analyzed the methodologies used to solve the appraisal problem and provides my opinion on the appropriateness and reasonableness of the report under review. No opinion of market value was made by the reviewer. This review cannot be understood without the attached review summary, scope of work, assumptions and limiting conditions, appraisal checklist, and the final appraisal review conclusion.

This appraisal review was completed in accordance with the 2024 Edition of the Uniform Standards of Professional Appraisal Practice (USPAP). Furthermore, this report is intended to comply with the appraisal review development and reporting requirements set forth under Standards Rule 3 and Standards Rule 4 of the Uniform Standards of Professional Appraisal Practice for an appraisal review. The opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. Should you require any further assistance, do not hesitate to contact me.

Sincerely,

Kent E. Hume  
CA Cert. No. AG 038441  
Expiration: September 29, 2025  
[khume@dokkenengineering.com](mailto:khume@dokkenengineering.com)  
916-268-0175

<b>REVIEW SUMMARY</b>	
Project	San Benito County Water District Aquifer and Storage Recovery Project
Location	1490 Fallon Road, Hollister, CA 95023
County	San Benito
Owner	Fallon, LLC, A California Limited Liability Company
APN(s)	017-060-011
Interest Appraised	Fee Simple
Property Type	Agriculture/Residential Land
Larger Parcel	2,425,421 SF or 55.68 AC
Proposed Acquisition	Permanent Easement and Temporary Construction Easement
Highest and Best Use Conclusion	Agricultural and residential use
Zoning	AP, Agricultural Productive
Improvements	Miscellaneous improvements were not valued. Any improvements disturbed by the project were assumed to be relocated or replaced as part of the project.
Purpose of the Appraisal	Provide an estimate of just compensation for the acquisition of a permanent easement and a temporary construction easement
Intended Use of the Appraisal	The intended use of the report is for the acquisition of a permanent easement and a temporary construction easement
Appraisal Firm	Curtis-Rosenthal, Inc.
Signing Appraiser(s)	Randall Blaesi, ASA, MRICS, David M. Rosenthal, MAI, FRICS
Date of Value	5/20/2025
Date of Report Under Review	5/28/2025
Date of Review	5/28/2025
Acquisition Area(s)	12,882 SF or 0.30 AC Permanent Easement 30,238 SF or 0.69 AC Temporary Construction Easement
Concluded Land Value	\$1,670,400
Estimate of Just Compensation	\$13,000 (\$9,000 for permanent easement, \$3,105 for TCE, Total of \$12,105, Rounded to \$13,000)
Client	San Benito County Water District
Intended User	Dokken Engineering and San Benito County Water District
Intended Use	The intended use of this review is to determine if the report under review can be relied upon for the acquisition of a permanent easement and a TCE.
Purpose of Appraisal Review	Develop an opinion of whether the appraisal report is adequately written, the calculations are correct, the reasoning is sound, and the conclusions are adequately supported.



SCOPE OF WORK: The scope of work for this appraisal desk review is defined by the complexity of the report under review including the following statement of assumptions and limiting conditions and certifications. The review appraiser, at a minimum:

- (1) has personally read the appraisal report that is the subject of this review.
- (2) has checked the report for mathematical errors.
- (3) has assumed the data presented in the report is accurate and verified by the sources indicated in the appraisal report. If the reviewer determines that the information contained in the report under review is not accurate, he/she will endeavor to obtain correction and/or clarification from the appraiser who prepared the report.
- (4) Evaluated the report for USPAP, Uniform Act, and California Eminent Domain Code compliance.
- (5) Analyzed support for the Highest and Best Use of the property under review.
- (6) Analyzed the support and reasonableness of valuation conclusions.
- (7) Analyzed the report's completeness and addressed the remainder value along with potential severance damages and benefits to the property under review.
- (8) The reviewer has not inspected the subject property nor any of the comparable properties. Comparable sale data was checked using public data sources.
- (9) The reviewer will develop and report an opinion as to the quality of the appraiser's work, including consideration of the completeness, accuracy, relevance, appropriateness, and reasonableness of the work under review as developed in the context of the requirements applicable to the work.
- (10) This review is intended to comply with USPAP Standards Rule 3-2 for an appraisal review.

#### **ASSUMPTIONS AND LIMITING CONDITIONS**

1. The review appraiser will not be responsible for matters of a legal nature that affect either the property that is the subject of the appraisal under review or the title to it, except for the information that the reviewer became aware of during the research involved in performing this appraisal review. The reviewer assumes that the title is good and marketable and will not render any opinions about title.
2. The review appraiser will not give testimony or appear in court because the reviewer performed a review of the appraisal of the property in question unless specific arrangements to do so have been made beforehand or as otherwise required by law.
3. Unless otherwise stated in this appraisal review report, the reviewer has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, expressed or implied. The reviewer will not be responsible for any such conditions that do exist or for any engineering or testing.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. The review appraisal report is for the sole use of the intended users identified on the review summary page.
6. At minimum, this appraisal review is subject to the same assumptions and limiting conditions contained in the report subject to this review.
7. Unless otherwise stated in this appraisal review report, the reviewer has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, expressed or implied. The reviewer will not be responsible for any such conditions that do exist or for any engineering or testing.
8. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.

## OVERVIEW

San Benito County Water District, the lead agency, proposes to construct new facilities as a portion of the San Benito County Water District Aquifer and Storage Recovery Project. The District will acquire the necessary property rights to complete the project. The purpose of the project is for aquifer and storage recovery. There are miscellaneous site improvements on the property. These were not valued, and the appraiser assumes that any relocation or reconstruction of these improvements will be construction contract work items.

Six comparable sales were included in the sales comparison approach. All were vacant agricultural/residential properties with similar agricultural/rural residential highest and best use characteristics. The appraisers concluded that no market condition adjustments were warranted for any sales. No quantitative adjustments were made. Qualitative rankings were given for various physical elements of comparison. All were vacant sites and are closed sales, with no listing or pending escrows. The concluded value of \$30,000 per AC is reasonable and within the range of comparable sales.

The appraiser gave full fee value (\$9,000, rounded) to the permanent easement areas as the easement will fully impact surface and subsurface rights. Full fee value was allocated for the TCE. A rate of 10% and a rental period of 18 months were given to the TCE area of resulting in a total rent figure of \$3,105. There are no damages resulting from the project and no special benefits.

Permanent Fee Simple Land Acquisition	\$-0-
Site Improvements Acquisition	\$-0-
Severance Damages	\$-0-
Permanent Easement	\$9,000
Temporary Construction Easement (full use-construction)	<u>\$3,105</u>
Total	\$12,105
Rounded	\$13,000
 Fair Market Value	 \$13,000

The overall estimate of just compensation is \$12,105, rounded to \$13,000.

<b>GENERAL REPORT INFORMATION</b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
1	Was the Appraiser directly engaged by the client, bank, or an acceptable financial services institution?	X		
2	Is a copy of the engagement letter in the appraisal report?		X	
3	Does the appraiser state the report conforms to the Uniform Standards of Professional Appraisal Practice?	X		
4	Was the appraisal performed by an appraiser licensed or certified in the state in which the property was located?	X		
5	Was the report completed by an appraiser with the appropriate certification or license?	X		
6	Does the report state that the appraiser is competent to perform the assignment, or does the Appraiser's Statement of Qualifications indicate competence?	X		
7	If the appraiser stated he was not competent, does the report disclose what the appraiser did to achieve competency?			X
8	Is the appraisal report type stated, i.e., Appraisal Report or Restricted Report?	X		
9	Is the report written, and does it contain sufficient analysis that allows the reviewer to understand the data, analysis, and conclusions reached?	X		
10	Are the applicable definitions of Market Value and other terms included?	X		
11	Are appropriate extraordinary assumptions and/or hypothetical conditions and/or limiting conditions included?	X		
12	Are the extraordinary assumptions and hypothetical conditions clearly and conspicuously stated?	X		
13	When extraordinary assumptions and hypothetical conditions were used, was it stated that their use may have affected the assignment results?	X		
14	Is the valuation based on an extraordinary assumption that construction is complete as of a prospective date of value?		X	
15	Is the valuation based on a hypothetical condition that construction is complete as of a current date of value?	X		
16	Is market support for time of completion, absorption, costs, income, and expenses provided?			X
17	Comments: The general report information is appropriate for the assignment.			

<b><u>SCOPE OF WORK</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
18	Does the appraisal report state the identity of the client and any other intended users?	X		
19	Does the report include a statement of the intended use of the appraisal?	X		
20	Does the report include a statement of the property interest appraised?	X		
21	Does the report include a statement of the type and definition of value and value source?	X		
22	Does the report include the date of the report and the effective date of value(s) (e.g., prospective, current, or retrospective)?	X		
23	Does the report include a signed certification?	X		
24	Does the certification meet USPAP Standards?	X		
25	Does the report contain a certification in compliance with USPAP Standard 2 that includes a statement that the assignment was not contingent on a specific value or loan?	X		
26	Does the certification include the name(s) of persons providing significant real property appraisal assistance?	X		
27	Was the appropriate scope of work determined given the assignment?	X		
28	Is the scope of work adequately explained in the report?	X		
29	Does the appraiser appropriately address the sales history or any current Agreement of Sale, option, or listing of the property being appraised during the last five years, including any impact on his value estimate (not just report the data)?	X		
30	If the property is an income-producing investment property, in whole or in part, does the appraiser analyze and report data on current lease revenues, vacancies, absorption, expenses, and capitalization or discount rates?			X
31	Does the report analyze and report appropriate deductions and discounts for proposed construction or renovation, partially leased buildings, non-market lease terms, and tract developments with unsold units?			X
32	Comments: The scope of work was adequately developed to solve the appraisal problem.			



<b><u>NEIGHBORHOOD &amp; MARKET ANALYSIS</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
33	Was the neighborhood discussion relevant to the subject property?	X		
34	Was the regional area discussion relevant to the subject property?	X		
35	Are facts and statistics analyzed pertinent to the subject property and/or assignment?	X		
36	Comments: The report contains sufficient information on regional, local, and market trends.			
<b><u>SITE AND IMPROVEMENT DESCRIPTION</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
37	Is the site adequately identified or defined?	X		
38	Is any excess or surplus land identified or defined?			X
39	Are the improvements adequately identified or defined?	X		
40	Is identification of personal property included in value?			X
41	Comments: There are miscellaneous improvements on the site that do not require valuation. Any removal or relocation of these improvements are assumed to be covered as a cost to cure as part of the project.			
<b><u>HIGHEST AND BEST USE ANALYSIS</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
42	Is the Highest and Best Use of land provided (If land is valued as vacant or as if vacant)?	X		
43	Is the Highest and Best Use of improved property provided (if improved property is valued.)	X		
44	Comments: The highest and best use of the subject was adequately developed and supported.			
<b><u>Partial Take Analysis</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
45	Was the partial acquisition adequately described?	X		
46	Were exhibits (plats, maps, legals) adequately described?	X		
47	Were improvements in the acquisition appropriately valued?			X
48	Was the remainder as part of the whole calculated?	X		
49	Was the value of the remainder in the after condition discussed and calculated?	X		
50	Were cost to cure items appropriately addressed?	X		
51	Were severance damages addressed?	X		
52	Were special benefits addressed?	X		
53	Was a Temporary Construction Easement valued appropriately?	X		
54	Was an estimate of just compensation provided?	X		
55	Comments: The before and after analysis was adequately supported. The estimate of just compensation, damages, benefits, and construction contract work were fully addressed. Calculations for the TCE are appropriate and correct.			

<b><u>COST APPROACH</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
56	Are all steps in the cost approach reasonable?			X
57	Are depreciation and cost estimates obtained from market information?			X
58	Are the calculations correct?			X
59	Are the depreciation items consistent with the descriptions?			X
60	Is the method depreciation appropriately addressed?			X
61	Is the value conclusion appropriately identified?			X
62	Is the exclusion of the cost approach supported?			X
63	<b>Comments:</b> No Cost Approach was applicable in this assignment.			
<b><u>SALES COMPARISON APPROACH</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
64	Are the comparable sales selected reasonable?	X		
65	Are adjustments consistent and reasonable?	X		
66	Is the adequate reasoning provided for adjustments, analysis, opinions, and conclusions?	X		
67	Are non-conforming or interim uses appropriately analyzed?			X
68	Are the sales adequately reconciled?	X		
69	Is the value conclusion appropriately identified?	X		
70	Is the exclusion of the sales comparison approach supported?			X
71	<b>Comments:</b> The sales comparison approach was appropriately used to value the property in before and after condition.			
<b><u>INCOME APPROACH</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
72	Is the financial data selected and analyzed reasonable?			X
73	Is market support for income, expenses, and vacancy reasonable?			X
74	Is market support for the capitalization rate reasonable?	X		
75	Are non-conforming or interim uses appropriately analyzed?			
76	Is the choice of methodology for the property type appropriate?	X		
77	Is the value conclusion appropriately identified?	X		
78	Is the exclusion of the income approach supported?			X
79	<b>Comments:</b> The income approach was used only to estimate rent for the TCE.			

<b><u>RECONCILIATION</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
80	Is the quality and quantity of available data analyzed within the developed approaches appropriately reconciled?	X		
81	Is the applicability or suitability of the developed approaches used to arrive at the value conclusions appropriately reconciled?	X		
82	Is the reconciliation satisfactory?	X		
<b>Comments:</b> Only one approach to value was required to value the acquisition.				
<b><u>CONCLUSION</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
83	Does the reviewer believe the work under review is deemed to be complete?	X		
84	Does the reviewer believe that the data contained in the report is adequate, relevant, and appropriate?	X		
85	Does the reviewer believe that the report under review used appropriate appraisal techniques that yield a reasonable and credible conclusion?	X		
86	<b>Comments:</b> The estimate of just compensation is complete and reasonable with relevant data and approaches to value being appropriate.			

<b><u>Reviewer's Recommendation:</u></b>	
<b>Category I</b> – Accept the Appraisal Report as written	X
<b>Category II</b> – Accept the Appraisal Report subject to the minor changes requested. <b>No further review is required.</b>	
<b>Category III</b> – Substantive changes are necessary prior to the report's acceptance. <b>Additional review is required.</b>	

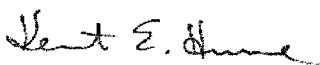
#### **REVIEWER'S FINAL COMMENTS**

The value conclusions stated in the appraisal report are adequately supported, appropriate, and reasonable based on the data and analyses presented. The content, analyses, and value conclusions are compliant with applicable standards. There were no deficiencies in the report. I approve the appraisal report for use by San Benito County Water District and Dokken Engineering.

<b>CERTIFICATION – Licensed Appraiser/Reviewer</b>
I certify that, to the best of my knowledge and belief:
The statement of facts contained in this report are true and correct.
The analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
I have no (or the specified) present or prospective interest in the property that is the subject of the work under review and no (or the specified) personal interest with respect to the parties involved.
I have performed no (or the specified) services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within a three-year period immediately preceding acceptance of this assignment.
I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
My engagement in this assignment was not contingent upon developing or reporting predetermined results.
My compensation is not contingent upon an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
My compensation for completing this assignment is not contingent upon the development or reporting or predetermined assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
My analyses, opinions, and conclusions were developed, and this review report was prepared in conformity with the <i>Uniform Standards of Professional Appraisal Practice</i> .
<i>I have not</i> made a personal inspection of the subject of the work under review.
No one provided significant appraisal or appraisal review assistance to the person signing this certification.

Reviewed By: Kent Hume

Date:  
5/28/2025



Kent E. Hume

CA License No.: AG038441

Expiration: September 29, 2025

## **QUALIFICATIONS OF KENT E. HUME**

BREA Appraiser Identification Number AG 038441

### **PROFESSIONAL EXPERIENCE**

Dokken Engineering Current	Preparation of appraisals for commercial and industrial properties with October 2023 - emphasis on ROW assignments and ROW appraisal review in the State of California
Ryan Valuation Services with January 2016 – October 2023	Preparation of appraisals and appraisal review for commercial and industrial properties emphasis on subdivisions, multi-family land, office, retail, eminent domain and special purpose properties in Shasta, Butte, Trinity, Tehama, Humboldt, Siskiyou, Modoc, Plumas and Glenn Counties, California.
Independent Fee Appraiser February 2006 – December 2015	Preparation of appraisals for commercial and industrial properties with emphasis on subdivisions, multi-family land, office, retail, and special purpose properties in Shasta, Butte, Trinity, Tehama, and Lassen Counties, California.
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### **PROFESSIONAL CREDENTIALS**

- State of California Certified General Real Estate Appraiser, AG 038441, Exp. 9/29/2025

### **EDUCATION**

- Oklahoma State University Bachelor of Arts, History, 1996

Basic Appraisal Principals	Appraisals in Atypical Markets and Cycles
Basic Appraisal Procedures	Laws and Regulations for California Appraiser
Basic Income Capitalization	Subdivision Analysis
Advanced Income Capitalization	Comparative Analysis
Highest and Best Use and Market Analysis	Intro to Expert Witness Testimony
Advanced Sales and Cost Approaches	Eminent Domain & Condemnation
General Report Writing	Forecasting Revenue
Managing Appraiser Liability	Land and Site Valuation
Intro to Commercial Appraisal Review	Divorce and Estate Appraisals

### **CONTINUING EDUCATION**

I have met the continuing education requirements of the State of California



## **APPRAISER LICENSE**



Business, Consumer Services & Housing Agency  
**BUREAU OF REAL ESTATE APPRAISERS**  
**REAL ESTATE APPRAISER LICENSE**

**Kent E. Hume**

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 038441

Effective Date: September 30, 2023  
Date Expires: September 29, 2025

  
Angela Jemmott, Bureau Chief, BREA

3073301

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "CHAIN LINK"



# DOKKEN ENGINEERING

*Transportation Solutions from Concept to Construction*

May 28, 2025

Dokken Engineering Jamie Formico, SR/WA  
Right of Way Manager  
110 Blue Ravine Road, Suite 200  
Folsom, CA 95630

Re: Appraisal Review:  
Permanent Easement and Temporary Construction Easement  
Martin Family Trust Property  
880 Fallon Road, Hollister, CA  
APN: 014-120-004

Dear Ms. Formico:

As requested, I have completed a desktop review of an appraisal report prepared by Randall Blaes, ASA, MRICS, and David M. Rosenthal, MAI, FRICS of Curtis-Rosenthal, Inc., of the above-referenced property. The interest appraised involves a permanent easement and a temporary construction easement with an effective date of 5/20/2025. This review analyzed the methodologies used to solve the appraisal problem and provides my opinion on the appropriateness and reasonableness of the report under review. No opinion of market value was made by the reviewer. This review cannot be understood without the attached review summary, scope of work, assumptions and limiting conditions, appraisal checklist, and the final appraisal review conclusion.

This appraisal review was completed in accordance with the 2024 Edition of the Uniform Standards of Professional Appraisal Practice (USPAP). Furthermore, this report is intended to comply with the appraisal review development and reporting requirements set forth under Standards Rule 3 and Standards Rule 4 of the Uniform Standards of Professional Appraisal Practice for an appraisal review. The opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. Should you require any further assistance, do not hesitate to contact me.

Sincerely,

Kent E. Hume  
CA Cert. No. AG 038441  
Expiration: September 29, 2025  
[khume@dokkenengineering.com](mailto:khume@dokkenengineering.com)  
916-268-0175

<b>REVIEW SUMMARY</b>	
Project	San Benito County Water District Aquifer and Storage Recovery Project
Location	880 Fallon Road, Hollister, CA 95023
County	San Benito
Owner	Martin Family Trust / Martin, Romaldo V.
APN(s)	014-120-004
Interest Appraised	Fee Simple
Property Type	Agriculture/Residential Land
Larger Parcel	21,349,627 SF or 490.12 AC
Proposed Acquisition	Permanent Easement and Temporary Construction Easement
Highest and Best Use Conclusion	Agricultural and residential use
Zoning	AP, Agricultural Productive
Improvements	Miscellaneous improvements were not valued. Any improvements disturbed by the project were assumed to be relocated or replaced as part of the project.
Purpose of the Appraisal	Provide an estimate of just compensation for the acquisition of a permanent easement and a temporary construction easement
Intended Use of the Appraisal	The intended use of the report is for the acquisition of a permanent easement and a temporary construction easement
Appraisal Firm	Curtis-Rosenthal, Inc.
Signing Appraiser(s)	Randall Blaesi, ASA, MRICS, David M. Rosenthal, MAI, FRICS
Date of Value	5/20/2025
Date of Report Under Review	5/28/2025
Date of Review	5/28/2025
Acquisition Area(s)	147,244 SF or 3.38 AC Permanent Easement 364,388 SF or 8.37 AC Temporary Construction Easement
Concluded Land Value	\$14,703,600
Estimate of Just Compensation	\$101,400 for permanent easement, \$37,665 for TCE, Total of \$139,065, Rounded to \$140,000
Client	San Benito County Water District
Intended User	Dokken Engineering and San Benito County Water District
Intended Use	The intended use of this review is to determine if the report under review can be relied upon for the acquisition of a permanent easement and a TCE.
Purpose of Appraisal Review	Develop an opinion of whether the appraisal report is adequately written, the calculations are correct, the reasoning is sound, and the conclusions are adequately supported.

SCOPE OF WORK: The scope of work for this appraisal desk review is defined by the complexity of the report under review including the following statement of assumptions and limiting conditions and certifications. The review appraiser, at a minimum:

- (1) has personally read the appraisal report that is the subject of this review.
- (2) has checked the report for mathematical errors.
- (3) has assumed the data presented in the report is accurate and verified by the sources indicated in the appraisal report. If the reviewer determines that the information contained in the report under review is not accurate, he/she will endeavor to obtain correction and/or clarification from the appraiser who prepared the report.
- (4) Evaluated the report for USPAP, Uniform Act, and California Eminent Domain Code compliance.
- (5) Analyzed support for the Highest and Best Use of the property under review.
- (6) Analyzed the support and reasonableness of valuation conclusions.
- (7) Analyzed the report's completeness and addressed the remainder value along with potential severance damages and benefits to the property under review.
- (8) The reviewer has not inspected the subject property nor any of the comparable properties. Comparable sale data was checked using public data sources.
- (9) The reviewer will develop and report an opinion as to the quality of the appraiser's work, including consideration of the completeness, accuracy, relevance, appropriateness, and reasonableness of the work under review as developed in the context of the requirements applicable to the work.
- (10) This review is intended to comply with USPAP Standards Rule 3-2 for an appraisal review.

#### **ASSUMPTIONS AND LIMITING CONDITIONS**

1. The review appraiser will not be responsible for matters of a legal nature that affect either the property that is the subject of the appraisal under review or the title to it, except for the information that the reviewer became aware of during the research involved in performing this appraisal review. The reviewer assumes that the title is good and marketable and will not render any opinions about title.
2. The review appraiser will not give testimony or appear in court because the reviewer performed a review of the appraisal of the property in question unless specific arrangements to do so have been made beforehand or as otherwise required by law.
3. Unless otherwise stated in this appraisal review report, the reviewer has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, expressed or implied. The reviewer will not be responsible for any such conditions that do exist or for any engineering or testing.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. The review appraisal report is for the sole use of the intended users identified on the review summary page.
6. At minimum, this appraisal review is subject to the same assumptions and limiting conditions contained in the report subject to this review.
7. Unless otherwise stated in this appraisal review report, the reviewer has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, expressed or implied. The reviewer will not be responsible for any such conditions that do exist or for any engineering or testing.
8. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.



## OVERVIEW

San Benito County Water District, the lead agency, proposes to construct new facilities as a portion of the San Benito County Water District Aquifer and Storage Recovery Project. The District will acquire the necessary property rights to complete the project. The purpose of the project is for aquifer and storage recovery. There are miscellaneous site improvements on the property. These were not valued, and the appraiser assumes that any relocation or reconstruction of these improvements will be construction contract work items.

Six comparable sales were included in the sales comparison approach. All were vacant agricultural/residential properties with similar agricultural/rural residential highest and best use characteristics. The appraisers concluded that no market condition adjustments were warranted for any sales. No quantitative adjustments were made. Qualitative rankings were given for various physical elements of comparison. All were vacant sites and are closed sales, with no listing or pending escrows. The concluded value of \$30,000 per AC is reasonable and within the range of comparable sales.

The appraiser gave full fee value (\$101,400) to the permanent easement areas as the easement will fully impact surface and subsurface rights. Full fee value was allocated for the TCE. A rate of 10% and a rental period of 18 months were given to the TCE area of resulting in a rental figure of \$37,665. There are no damages resulting from the project and no special benefits.

Permanent Fee Simple Land Acquisition	\$-0-
Site Improvements Acquisition	\$-0-
Severance Damages	\$-0-
Permanent Easement	\$101,400
Temporary Construction Easement (full use-construction)	<u>\$37,665</u>
Total	\$139,065
Rounded	\$140,000
 Fair Market Value	 \$140,000

The overall estimate of just compensation is \$139,065, rounded to \$140,000.

<b>GENERAL REPORT INFORMATION</b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
1	Was the Appraiser directly engaged by the client, bank, or an acceptable financial services institution?	X		
2	Is a copy of the engagement letter in the appraisal report?		X	
3	Does the appraiser state the report conforms to the Uniform Standards of Professional Appraisal Practice?	X		
4	Was the appraisal performed by an appraiser licensed or certified in the state in which the property was located?	X		
5	Was the report completed by an appraiser with the appropriate certification or license?	X		
6	Does the report state that the appraiser is competent to perform the assignment, or does the Appraiser's Statement of Qualifications indicate competence?	X		
7	If the appraiser stated he was not competent, does the report disclose what the appraiser did to achieve competency?			X
8	Is the appraisal report type stated, i.e., Appraisal Report or Restricted Report?	X		
9	Is the report written, and does it contain sufficient analysis that allows the reviewer to understand the data, analysis, and conclusions reached?	X		
10	Are the applicable definitions of Market Value and other terms included?	X		
11	Are appropriate extraordinary assumptions and/or hypothetical conditions and/or limiting conditions included?	X		
12	Are the extraordinary assumptions and hypothetical conditions clearly and conspicuously stated?	X		
13	When extraordinary assumptions and hypothetical conditions were used, was it stated that their use may have affected the assignment results?	X		
14	Is the valuation based on an extraordinary assumption that construction is complete as of a prospective date of value?		X	
15	Is the valuation based on a hypothetical condition that construction is complete as of a current date of value?	X		
16	Is market support for time of completion, absorption, costs, income, and expenses provided?			X
17	Comments: The general report information is appropriate for the assignment.			

<u>SCOPE OF WORK</u>		YES	NO	N/A
18	Does the appraisal report state the identity of the client and any other intended users?	X		
19	Does the report include a statement of the intended use of the appraisal?	X		
20	Does the report include a statement of the property interest appraised?	X		
21	Does the report include a statement of the type and definition of value and value source?	X		
22	Does the report include the date of the report and the effective date of value(s) (e.g., prospective, current, or retrospective)?	X		
23	Does the report include a signed certification?	X		
24	Does the certification meet USPAP Standards?	X		
25	Does the report contain a certification in compliance with USPAP Standard 2 that includes a statement that the assignment was not contingent on a specific value or loan?	X		
26	Does the certification include the name(s) of persons providing significant real property appraisal assistance?	X		
27	Was the appropriate scope of work determined given the assignment?	X		
28	Is the scope of work adequately explained in the report?	X		
29	Does the appraiser appropriately address the sales history or any current Agreement of Sale, option, or listing of the property being appraised during the last five years, including any impact on his value estimate (not just report the data)?	X		
30	If the property is an income-producing investment property, in whole or in part, does the appraiser analyze and report data on current lease revenues, vacancies, absorption, expenses, and capitalization or discount rates?			X
31	Does the report analyze and report appropriate deductions and discounts for proposed construction or renovation, partially leased buildings, non-market lease terms, and tract developments with unsold units?			X
32	Comments: The scope of work was adequately developed to solve the appraisal problem.			

<b><u>NEIGHBORHOOD &amp; MARKET ANALYSIS</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
33	Was the neighborhood discussion relevant to the subject property?	X		
34	Was the regional area discussion relevant to the subject property?	X		
35	Are facts and statistics analyzed pertinent to the subject property and/or assignment?	X		
36	Comments: The report contains sufficient information on regional, local, and market trends.			
<b><u>SITE AND IMPROVEMENT DESCRIPTION</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
37	Is the site adequately identified or defined?	X		
38	Is any excess or surplus land identified or defined?			X
39	Are the improvements adequately identified or defined?	X		
40	Is identification of personal property included in value?			X
41	Comments: There are miscellaneous improvements on the site that do not require valuation. Any removal or relocation of these improvements are assumed to be covered as a cost to cure as part of the project.			
<b><u>HIGHEST AND BEST USE ANALYSIS</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
42	Is the Highest and Best Use of land provided (If land is valued as vacant or as if vacant)?	X		
43	Is the Highest and Best Use of improved property provided (if improved property is valued.)	X		
44	Comments: The highest and best use of the subject was adequately developed and supported.			
<b><u>Partial Take Analysis</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
45	Was the partial acquisition adequately described?	X		
46	Were exhibits (plats, maps, legals) adequately described?	X		
47	Were improvements in the acquisition appropriately valued?			X
48	Was the remainder as part of the whole calculated?	X		
49	Was the value of the remainder in the after condition discussed and calculated?	X		
50	Were cost to cure items appropriately addressed?	X		
51	Were severance damages addressed?	X		
52	Were special benefits addressed?	X		
53	Was a Temporary Construction Easement valued appropriately?	X		
54	Was an estimate of just compensation provided?	X		
55	Comments: The before and after analysis was adequately supported. The estimate of just compensation, damages, benefits, and construction contract work were fully addressed. Calculations for the TCE are appropriate and correct.			

<b><u>COST APPROACH</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
56	Are all steps in the cost approach reasonable?			X
57	Are depreciation and cost estimates obtained from market information?			X
58	Are the calculations correct?			X
59	Are the depreciation items consistent with the descriptions?			X
60	Is the method depreciation appropriately addressed?			X
61	Is the value conclusion appropriately identified?			X
62	Is the exclusion of the cost approach supported?			X
63	<b>Comments:</b> No Cost Approach was applicable in this assignment.			
<b><u>SALES COMPARISON APPROACH</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
64	Are the comparable sales selected reasonable?	X		
65	Are adjustments consistent and reasonable?	X		
66	Is the adequate reasoning provided for adjustments, analysis, opinions, and conclusions?	X		
67	Are non-conforming or interim uses appropriately analyzed?			X
68	Are the sales adequately reconciled?	X		
69	Is the value conclusion appropriately identified?	X		
70	Is the exclusion of the sales comparison approach supported?			X
71	<b>Comments:</b> The sales comparison approach was appropriately used to value the property in before and after condition.			
<b><u>INCOME APPROACH</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
72	Is the financial data selected and analyzed reasonable?			X
73	Is market support for income, expenses, and vacancy reasonable?			X
74	Is market support for the capitalization rate reasonable?	X		
75	Are non-conforming or interim uses appropriately analyzed?			
76	Is the choice of methodology for the property type appropriate?	X		
77	Is the value conclusion appropriately identified?	X		
78	Is the exclusion of the income approach supported?			X
79	<b>Comments:</b> The income approach was used only to estimate rent for the TCE.			



<b><u>RECONCILIATION</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
80	Is the quality and quantity of available data analyzed within the developed approaches appropriately reconciled?	X		
81	Is the applicability or suitability of the developed approaches used to arrive at the value conclusions appropriately reconciled?	X		
82	Is the reconciliation satisfactory?	X		
	<b>Comments:</b> Only one approach to value was required to value the acquisition.			
<b><u>CONCLUSION</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
83	Does the reviewer believe the work under review is deemed to be complete?	X		
84	Does the reviewer believe that the data contained in the report is adequate, relevant, and appropriate?	X		
85	Does the reviewer believe that the report under review used appropriate appraisal techniques that yield a reasonable and credible conclusion?	X		
86	<b>Comments:</b> The estimate of just compensation is complete and reasonable with relevant data and approaches to value being appropriate.			

<b><u>Reviewer's Recommendation:</u></b>	
<b>Category I – Accept the Appraisal Report as written</b>	X
<b>Category II – Accept the Appraisal Report subject to the minor changes requested. No further review is required.</b>	
<b>Category III – Substantive changes are necessary prior to the report's acceptance. Additional review is required.</b>	

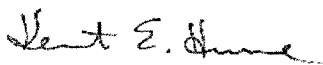
#### **REVIEWER'S FINAL COMMENTS**

The value conclusions stated in the appraisal report are adequately supported, appropriate, and reasonable based on the data and analyses presented. The content, analyses, and value conclusions are compliant with applicable standards. There were no deficiencies in the report. I approve the appraisal report for use by San Benito County Water District and Dokken Engineering.

<b>CERTIFICATION – Licensed Appraiser/Reviewer</b>
I certify that, to the best of my knowledge and belief:
The statement of facts contained in this report are true and correct.
The analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
I have no (or the specified) present or prospective interest in the property that is the subject of the work under review and no (or the specified) personal interest with respect to the parties involved.
I have performed no (or the specified) services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within a three-year period immediately preceding acceptance of this assignment.
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<i>I have not</i> made a personal inspection of the subject of the work under review.
No one provided significant appraisal or appraisal review assistance to the person signing this certification.

Reviewed By: Kent Hume

Date:  
5/28/2025



Kent E. Hume  
CA License No.: AG038441  
Expiration: September 29, 2025

## **QUALIFICATIONS OF KENT E. HUME**

BREA Appraiser Identification Number AG 038441

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### **EDUCATION**

- Oklahoma State University Bachelor of Arts, History, 1996

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Basic Appraisal Procedures	Laws and Regulations for California Appraiser
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Managing Appraiser Liability	Land and Site Valuation
Intro to Commercial Appraisal Review	Divorce and Estate Appraisals

### **CONTINUING EDUCATION**

I have met the continuing education requirements of the State of California

## **APPRAISER LICENSE**

	<p>Business, Consumer Services &amp; Housing Agency <b>BUREAU OF REAL ESTATE APPRAISERS</b> <b>REAL ESTATE APPRAISER LICENSE</b></p>
<p><b>Kent E. Hume</b></p>	
<p>has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:</p>	
<p>“Certified General Real Estate Appraiser”</p>	
<p>This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.</p>	
<p>BREA APPRAISER IDENTIFICATION NUMBER:</p>	<p>AG 038441</p>
<p>Effective Date:</p>	<p>September 30, 2023</p>
<p>Date Expires:</p>	<p>September 29, 2025</p>
<p> Angela Jemmott, Bureau Chief, BREA</p>	
<p>3073301</p>	
<p>THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "CHAIN LINK"</p>	



# DOKKEN ENGINEERING

*Transportation Solutions from Concept to Construction*

May 28, 2025

Dokken Engineering Jamie Formico, SR/WA  
Right of Way Manager  
110 Blue Ravine Road, Suite 200  
Folsom, CA 95630

Re: Appraisal Review:  
Permanent Easement and Temporary Construction Easement  
Scagliotti Property  
350 Scagliotti Road, Hollister, CA  
APN: 014-120-011

Dear Ms. Formico:

As requested, I have completed a desktop review of an appraisal report prepared by Randall Blaesi, ASA, MRICS, and David M. Rosenthal, MAI, FRICS of Curtis-Rosenthal, Inc., of the above-referenced property. The interest appraised involves a permanent easement and a temporary construction easement with an effective date of 5/20/2025. This review analyzed the methodologies used to solve the appraisal problem and provides my opinion on the appropriateness and reasonableness of the report under review. No opinion of market value was made by the reviewer. This review cannot be understood without the attached review summary, scope of work, assumptions and limiting conditions, appraisal checklist, and the final appraisal review conclusion.

This appraisal review was completed in accordance with the 2024 Edition of the Uniform Standards of Professional Appraisal Practice (USPAP). Furthermore, this report is intended to comply with the appraisal review development and reporting requirements set forth under Standards Rule 3 and Standards Rule 4 of the Uniform Standards of Professional Appraisal Practice for an appraisal review. The opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. Should you require any further assistance, do not hesitate to contact me.

Sincerely,

Kent E. Hume  
CA Cert. No. AG 038441  
Expiration: September 29, 2025  
[khume@dokkenengineering.com](mailto:khume@dokkenengineering.com)  
916-268-0175

<b>REVIEW SUMMARY</b>	
Project	San Benito County Water District Aquifer and Storage Recovery Project
Location	350 Scagliotti Road, Hollister, CA 95023
County	San Benito
Owner	Della Scagliotti, A Widow
APN(s)	014-120-011
Interest Appraised	Fee Simple
Property Type	Agriculture/Residential Land
Larger Parcel	3,806,273 SF or 87.38 AC
Proposed Acquisition	Permanent Easement and Temporary Construction Easement
Highest and Best Use Conclusion	Agricultural and residential use
Zoning	AP, Agricultural Productive
Improvements	Miscellaneous improvements were not valued. Any improvements disturbed by the project were assumed to be relocated or replaced as part of the project.
Purpose of the Appraisal	Provide an estimate of just compensation for the acquisition of a permanent easement and a temporary construction easement
Intended Use of the Appraisal	The intended use of the report is for the acquisition of a permanent easement and a temporary construction easement
Appraisal Firm	Curtis-Rosenthal, Inc.
Signing Appraiser(s)	Randall Blaesi, ASA, MRICS, David M. Rosenthal, MAI, FRICS
Date of Value	5/20/2025
Date of Report Under Review	5/28/2025
Date of Review	5/28/2025
Acquisition Area(s)	12,218 SF or 0.28 AC Permanent Easement 81,368 SF or 1.87 AC Temporary Construction Easement
Concluded Land Value	\$2,621,400
Estimate of Just Compensation	\$8,400 for permanent easement, \$8,415 for TCE, Total of \$16,815, Rounded to \$17,000
Client	San Benito County Water District
Intended User	Dokken Engineering and San Benito County Water District
Intended Use	The intended use of this review is to determine if the report under review can be relied upon for the acquisition of a permanent easement and a TCE.
Purpose of Appraisal Review	Develop an opinion of whether the appraisal report is adequately written, the calculations are correct, the reasoning is sound, and the conclusions are adequately supported.



SCOPE OF WORK: The scope of work for this appraisal desk review is defined by the complexity of the report under review including the following statement of assumptions and limiting conditions and certifications. The review appraiser, at a minimum:

- (1) has personally read the appraisal report that is the subject of this review.
- (2) has checked the report for mathematical errors.
- (3) has assumed the data presented in the report is accurate and verified by the sources indicated in the appraisal report. If the reviewer determines that the information contained in the report under review is not accurate, he/she will endeavor to obtain correction and/or clarification from the appraiser who prepared the report.
- (4) Evaluated the report for USPAP, Uniform Act, and California Eminent Domain Code compliance.
- (5) Analyzed support for the Highest and Best Use of the property under review.
- (6) Analyzed the support and reasonableness of valuation conclusions.
- (7) Analyzed the report's completeness and addressed the remainder value along with potential severance damages and benefits to the property under review.
- (8) The reviewer has not inspected the subject property nor any of the comparable properties. Comparable sale data was checked using public data sources.
- (9) The reviewer will develop and report an opinion as to the quality of the appraiser's work, including consideration of the completeness, accuracy, relevance, appropriateness, and reasonableness of the work under review as developed in the context of the requirements applicable to the work.
- (10) This review is intended to comply with USPAP Standards Rule 3-2 for an appraisal review.

#### **ASSUMPTIONS AND LIMITING CONDITIONS**

1. The review appraiser will not be responsible for matters of a legal nature that affect either the property that is the subject of the appraisal under review or the title to it, except for the information that the reviewer became aware of during the research involved in performing this appraisal review. The reviewer assumes that the title is good and marketable and will not render any opinions about title.
2. The review appraiser will not give testimony or appear in court because the reviewer performed a review of the appraisal of the property in question unless specific arrangements to do so have been made beforehand or as otherwise required by law.
3. Unless otherwise stated in this appraisal review report, the reviewer has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, expressed or implied. The reviewer will not be responsible for any such conditions that do exist or for any engineering or testing.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. The review appraisal report is for the sole use of the intended users identified on the review summary page.
6. At minimum, this appraisal review is subject to the same assumptions and limiting conditions contained in the report subject to this review.
7. Unless otherwise stated in this appraisal review report, the reviewer has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, expressed or implied. The reviewer will not be responsible for any such conditions that do exist or for any engineering or testing.
8. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.

## OVERVIEW

San Benito County Water District, the lead agency, proposes to construct new facilities as a portion of the San Benito County Water District Aquifer and Storage Recovery Project. The District will acquire the necessary property rights to complete the project. The purpose of the project is for aquifer and storage recovery. There are miscellaneous site improvements on the property. These were not valued, and the appraiser assumes that any relocation or reconstruction of these improvements will be construction contract work items.

Six comparable sales were included in the sales comparison approach. All were vacant agricultural/residential properties with similar agricultural/rural residential highest and best use characteristics. The appraisers concluded that no market condition adjustments were warranted for any sales. No quantitative adjustments were made. Qualitative rankings were given for various physical elements of comparison. All were vacant sites and are closed sales, with no listing or pending escrows. The concluded value of \$30,000 per AC is reasonable and within the range of comparable sales.

The appraiser gave full fee value (\$8,400) to the permanent easement areas as the easement will fully impact surface and subsurface rights. Full fee value was allocated for the TCE. A rate of 10% and a rental period of 18 months were given to the TCE area of resulting in a rental figure of \$8,415. There are no damages resulting from the project and no special benefits.

Permanent Fee Simple Land Acquisition	\$-0-
Site Improvements Acquisition	\$-0-
Severance Damages	\$-0-
Permanent Easement	\$8,400
Temporary Construction Easement (full use-construction)	<u>\$8,415</u>
Total	\$16,815
Rounded	\$17,000
 Fair Market Value	 \$17,000

The overall estimate of just compensation is \$16,815, rounded to \$17,000.

<b>GENERAL REPORT INFORMATION</b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
1	Was the Appraiser directly engaged by the client, bank, or an acceptable financial services institution?	X		
2	Is a copy of the engagement letter in the appraisal report?		X	
3	Does the appraiser state the report conforms to the Uniform Standards of Professional Appraisal Practice?	X		
4	Was the appraisal performed by an appraiser licensed or certified in the state in which the property was located?	X		
5	Was the report completed by an appraiser with the appropriate certification or license?	X		
6	Does the report state that the appraiser is competent to perform the assignment, or does the Appraiser's Statement of Qualifications indicate competence?	X		
7	If the appraiser stated he was not competent, does the report disclose what the appraiser did to achieve competency?			X
8	Is the appraisal report type stated, i.e., Appraisal Report or Restricted Report?	X		
9	Is the report written, and does it contain sufficient analysis that allows the reviewer to understand the data, analysis, and conclusions reached?	X		
10	Are the applicable definitions of Market Value and other terms included?	X		
11	Are appropriate extraordinary assumptions and/or hypothetical conditions and/or limiting conditions included?	X		
12	Are the extraordinary assumptions and hypothetical conditions clearly and conspicuously stated?	X		
13	When extraordinary assumptions and hypothetical conditions were used, was it stated that their use may have affected the assignment results?	X		
14	Is the valuation based on an extraordinary assumption that construction is complete as of a prospective date of value?		X	
15	Is the valuation based on a hypothetical condition that construction is complete as of a current date of value?	X		
16	Is market support for time of completion, absorption, costs, income, and expenses provided?			X
17	Comments: The general report information is appropriate for the assignment.			

<b>SCOPE OF WORK</b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
18	Does the appraisal report state the identity of the client and any other intended users?	X		
19	Does the report include a statement of the intended use of the appraisal?	X		
20	Does the report include a statement of the property interest appraised?	X		
21	Does the report include a statement of the type and definition of value and value source?	X		
22	Does the report include the date of the report and the effective date of value(s) (e.g., prospective, current, or retrospective)?	X		
23	Does the report include a signed certification?	X		
24	Does the certification meet USPAP Standards?	X		
25	Does the report contain a certification in compliance with USPAP Standard 2 that includes a statement that the assignment was not contingent on a specific value or loan?	X		
26	Does the certification include the name(s) of persons providing significant real property appraisal assistance?	X		
27	Was the appropriate scope of work determined given the assignment?	X		
28	Is the scope of work adequately explained in the report?	X		
29	Does the appraiser appropriately address the sales history or any current Agreement of Sale, option, or listing of the property being appraised during the last five years, including any impact on his value estimate (not just report the data)?	X		
30	If the property is an income-producing investment property, in whole or in part, does the appraiser analyze and report data on current lease revenues, vacancies, absorption, expenses, and capitalization or discount rates?			X
31	Does the report analyze and report appropriate deductions and discounts for proposed construction or renovation, partially leased buildings, non-market lease terms, and tract developments with unsold units?			X
32	Comments: The scope of work was adequately developed to solve the appraisal problem.			

<b><u>NEIGHBORHOOD &amp; MARKET ANALYSIS</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
33	Was the neighborhood discussion relevant to the subject property?	X		
34	Was the regional area discussion relevant to the subject property?	X		
35	Are facts and statistics analyzed pertinent to the subject property and/or assignment?	X		
36	Comments: The report contains sufficient information on regional, local, and market trends.			
<b><u>SITE AND IMPROVEMENT DESCRIPTION</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
37	Is the site adequately identified or defined?	X		
38	Is any excess or surplus land identified or defined?			X
39	Are the improvements adequately identified or defined?	X		
40	Is identification of personal property included in value?			X
41	Comments: There are miscellaneous improvements on the site that do not require valuation. Any removal or relocation of these improvements are assumed to be covered as a cost to cure as part of the project.			
<b><u>HIGHEST AND BEST USE ANALYSIS</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
42	Is the Highest and Best Use of land provided (If land is valued as vacant or as if vacant)?	X		
43	Is the Highest and Best Use of improved property provided (if improved property is valued.)	X		
44	Comments: The highest and best use of the subject was adequately developed and supported.			
<b><u>Partial Take Analysis</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
45	Was the partial acquisition adequately described?	X		
46	Were exhibits (plats, maps, legals) adequately described?	X		
47	Were improvements in the acquisition appropriately valued?			X
48	Was the remainder as part of the whole calculated?	X		
49	Was the value of the remainder in the after condition discussed and calculated?	X		
50	Were cost to cure items appropriately addressed?	X		
51	Were severance damages addressed?	X		
52	Were special benefits addressed?	X		
53	Was a Temporary Construction Easement valued appropriately?	X		
54	Was an estimate of just compensation provided?	X		
55	Comments: The before and after analysis was adequately supported. The estimate of just compensation, damages, benefits, and construction contract work were fully addressed. Calculations for the TCE are appropriate and correct.			



<b><u>COST APPROACH</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
56	Are all steps in the cost approach reasonable?			X
57	Are depreciation and cost estimates obtained from market information?			X
58	Are the calculations correct?			X
59	Are the depreciation items consistent with the descriptions?			X
60	Is the method depreciation appropriately addressed?			X
61	Is the value conclusion appropriately identified?			X
62	Is the exclusion of the cost approach supported?			X
63	<b>Comments:</b> No Cost Approach was applicable in this assignment.			
<b><u>SALES COMPARISON APPROACH</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
64	Are the comparable sales selected reasonable?	X		
65	Are adjustments consistent and reasonable?	X		
66	Is the adequate reasoning provided for adjustments, analysis, opinions, and conclusions?	X		
67	Are non-conforming or interim uses appropriately analyzed?			X
68	Are the sales adequately reconciled?	X		
69	Is the value conclusion appropriately identified?	X		
70	Is the exclusion of the sales comparison approach supported?			X
71	<b>Comments:</b> The sales comparison approach was appropriately used to value the property in before and after condition.			
<b><u>INCOME APPROACH</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
72	Is the financial data selected and analyzed reasonable?			X
73	Is market support for income, expenses, and vacancy reasonable?			X
74	Is market support for the capitalization rate reasonable?	X		
75	Are non-conforming or interim uses appropriately analyzed?			
76	Is the choice of methodology for the property type appropriate?	X		
77	Is the value conclusion appropriately identified?	X		
78	Is the exclusion of the income approach supported?			X
79	<b>Comments:</b> The income approach was used only to estimate rent for the TCE.			

<b><u>RECONCILIATION</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
80	Is the quality and quantity of available data analyzed within the developed approaches appropriately reconciled?	X		
81	Is the applicability or suitability of the developed approaches used to arrive at the value conclusions appropriately reconciled?	X		
82	Is the reconciliation satisfactory?	X		
	<b>Comments:</b> Only one approach to value was required to value the acquisition.			
<b><u>CONCLUSION</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
83	Does the reviewer believe the work under review is deemed to be complete?	X		
84	Does the reviewer believe that the data contained in the report is adequate, relevant, and appropriate?	X		
85	Does the reviewer believe that the report under review used appropriate appraisal techniques that yield a reasonable and credible conclusion?	X		
86	<b>Comments:</b> The estimate of just compensation is complete and reasonable with relevant data and approaches to value being appropriate.			

<b><u>Reviewer's Recommendation:</u></b>	
<b>Category I – Accept the Appraisal Report as written</b>	X
<b>Category II – Accept the Appraisal Report subject to the minor changes requested. No further review is required.</b>	
<b>Category III – Substantive changes are necessary prior to the report's acceptance. Additional review is required.</b>	

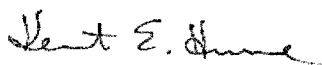
#### **REVIEWER'S FINAL COMMENTS**

The value conclusions stated in the appraisal report are adequately supported, appropriate, and reasonable based on the data and analyses presented. The content, analyses, and value conclusions are compliant with applicable standards. There were no deficiencies in the report. I approve the appraisal report for use by San Benito County Water District and Dokken Engineering.

<b>CERTIFICATION – Licensed Appraiser/Reviewer</b>
I certify that, to the best of my knowledge and belief:
The statement of facts contained in this report are true and correct.
The analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
I have no (or the specified) present or prospective interest in the property that is the subject of the work under review and no (or the specified) personal interest with respect to the parties involved.
I have performed no (or the specified) services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within a three-year period immediately preceding acceptance of this assignment.
I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
My engagement in this assignment was not contingent upon developing or reporting predetermined results.
My compensation is not contingent upon an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
My compensation for completing this assignment is not contingent upon the development or reporting or predetermined assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
My analyses, opinions, and conclusions were developed, and this review report was prepared in conformity with the <i>Uniform Standards of Professional Appraisal Practice</i> .
<i>I have not</i> made a personal inspection of the subject of the work under review.
No one provided significant appraisal or appraisal review assistance to the person signing this certification.

Reviewed By: Kent Hume

Date:  
5/28/2025



Kent E. Hume

CA License No.: AG038441

Expiration: September 29, 2025

## **QUALIFICATIONS OF KENT E. HUME**

BREA Appraiser Identification Number AG 038441

### **PROFESSIONAL EXPERIENCE**

Dokken Engineering Current	Preparation of appraisals for commercial and industrial properties with October 2023 - emphasis on ROW assignments and ROW appraisal review in the State of California
Ryan Valuation Services with January 2016 – October 2023	Preparation of appraisals and appraisal review for commercial and industrial properties emphasis on subdivisions, multi-family land, office, retail, eminent domain and special purpose properties in Shasta, Butte, Trinity, Tehama, Humboldt, Siskiyou, Modoc, Plumas and Glenn Counties, California.
Independent Fee Appraiser February 2006 – December 2015	Preparation of appraisals for commercial and industrial properties with emphasis on subdivisions, multi-family land, office, retail, and special purpose properties in Shasta, Butte, Trinity, Tehama, and Lassen Counties, California.
Ryan and Murphy Group, Inc. January 2003- February 2006	Preparation of appraisals for commercial and industrial properties with emphasis on subdivisions, multi-family land, office, retail, and special purpose properties in Shasta, Butte, Trinity, Tehama, and Lassen Counties, California.
Ryan and Associates March 2002-December 2002	Staff duties included the research, use of the evaluation approaches and preparation of reports for subdivisions, multi-family, commercial and industrial properties throughout Shasta, Butte, Trinity, and Lassen Counties, California.
Market Data Center June 1998-February 2002	Duties included researching commercial sale transactions, verifying sale data, creating property reports with sale data. Maintaining commercial sale database, provide research for clients for comparable sale data.

### **PROFESSIONAL CREDENTIALS**

- State of California Certified General Real Estate Appraiser, AG 038441, Exp. 9/29/2025

### **EDUCATION**

- Oklahoma State University Bachelor of Arts, History, 1996

Basic Appraisal Principals	Appraisals in Atypical Markets and Cycles
Basic Appraisal Procedures	Laws and Regulations for California Appraiser
Basic Income Capitalization	Subdivision Analysis
Advanced Income Capitalization	Comparative Analysis
Highest and Best Use and Market Analysis	Intro to Expert Witness Testimony
Advanced Sales and Cost Approaches	Eminent Domain & Condemnation
General Report Writing	Forecasting Revenue
Managing Appraiser Liability	Land and Site Valuation
Intro to Commercial Appraisal Review	Divorce and Estate Appraisals

### **CONTINUING EDUCATION**

I have met the continuing education requirements of the State of California

## **APPRAISER LICENSE**



Business, Consumer Services & Housing Agency  
**BUREAU OF REAL ESTATE APPRAISERS**  
**REAL ESTATE APPRAISER LICENSE**

**Kent E. Hume**

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 038441

Effective Date: September 30, 2023  
Date Expires: September 29, 2025

  
Angela Jemmott, Bureau Chief, BREA

3073301

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "CHAIN LINK"



# DOKKEN ENGINEERING

*Transportation Solutions from Concept to Construction*

May 28, 2025

Dokken Engineering Jamie Formico, SR/WA  
Right of Way Manager  
110 Blue Ravine Road, Suite 200  
Folsom, CA 95630

Re: Appraisal Review:  
Permanent Easement and Temporary Construction Easement  
Filice Enterprises LP Property  
1490 Fallon Road, Hollister, CA  
APN: 017-060-011

Dear Ms. Formico:

As requested, I have completed a desktop review of an appraisal report prepared by Randall Blaes, ASA, MRICS, and David M. Rosenthal, MAI, FRICS of Curtis-Rosenthal, Inc., of the above-referenced property. The interest appraised involves a permanent easement and a temporary construction easement with an effective date of 5/28/2025. This review analyzed the methodologies used to solve the appraisal problem and provides my opinion on the appropriateness and reasonableness of the report under review. No opinion of market value was made by the reviewer. This review cannot be understood without the attached review summary, scope of work, assumptions and limiting conditions, appraisal checklist, and the final appraisal review conclusion.

This appraisal review was completed in accordance with the 2024 Edition of the Uniform Standards of Professional Appraisal Practice (USPAP). Furthermore, this report is intended to comply with the appraisal review development and reporting requirements set forth under Standards Rule 3 and Standards Rule 4 of the Uniform Standards of Professional Appraisal Practice for an appraisal review. The opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. Should you require any further assistance, do not hesitate to contact me.

Sincerely,

Kent E. Hume  
CA Cert. No. AG 038441  
Expiration: September 29, 2025  
[khume@dokkenengineering.com](mailto:khume@dokkenengineering.com)  
916-268-0175



<b>REVIEW SUMMARY</b>	
Project	San Benito County Water District Aquifer and Storage Recovery Project
Location	E/L Scagliotti Road & S/L Fallon Road, Hollister, CA 95023
County	San Benito
Owner	Filice Enterprises LP, A California Limited Partnership / Filice, Mary Kay
APN(s)	014-120-008 & 014-120-020
Interest Appraised	Fee Simple
Property Type	Agriculture/Residential Land
Larger Parcel	014-120-008 - 1,633,500 SF, or 37.50 AC 014-120-020 - 558,004 SF or 12.81 AC Combined area of 2,191,504 SF or 50.31 AC
Proposed Acquisition	Permanent Easement and Temporary Construction Easement
Highest and Best Use Conclusion	Agricultural and residential use
Zoning	AP, Agricultural Productive
Improvements	Miscellaneous improvements were not valued. Any improvements disturbed by the project were assumed to be relocated or replaced as part of the project.
Purpose of the Appraisal	Provide an estimate of just compensation for the acquisition of a permanent easement and a temporary construction easement
Intended Use of the Appraisal	The intended use of the report is for the acquisition of a permanent easement and a temporary construction easement
Appraisal Firm	Curtis-Rosenthal, Inc.
Signing Appraiser(s)	Randall Blaes, ASA, MRICS, David M. Rosenthal, MAI, FRICS
Date of Value	5/20/2025
Date of Report Under Review	5/28/2025
Date of Review	5/28/2025
Acquisition Area(s)	264 SF Permanent Easement - Parcel 014-120-008 602 SF Temporary Construction Easement - Parcel 014-120-008 2,659 SF Temporary Construction Easement - Parcel 014-120-020
Concluded Land Value	\$1,509,300
Estimate of Just Compensation	\$300 for permanent easement, \$315 for combined TCE area, Total of \$615, Rounded to \$700; San Benito County Minimum Value Estimate Board Resolution N. 2010-102 = \$2,500
Client	San Benito County Water District
Intended User	Dokken Engineering and San Benito County Water District
Intended Use	The intended use of this review is to determine if the report under review can be relied upon for the acquisition of a permanent easement and a TCE.
Purpose of Appraisal Review	Develop an opinion of whether the appraisal report is adequately written, the calculations are correct, the reasoning is sound, and the conclusions are adequately supported.

SCOPE OF WORK: The scope of work for this appraisal desk review is defined by the complexity of the report under review including the following statement of assumptions and limiting conditions and certifications. The review appraiser, at a minimum:

- (1) has personally read the appraisal report that is the subject of this review.
- (2) has checked the report for mathematical errors.
- (3) has assumed the data presented in the report is accurate and verified by the sources indicated in the appraisal report. If the reviewer determines that the information contained in the report under review is not accurate, he/she will endeavor to obtain correction and/or clarification from the appraiser who prepared the report.
- (4) Evaluated the report for USPAP, Uniform Act, and California Eminent Domain Code compliance.
- (5) Analyzed support for the Highest and Best Use of the property under review.
- (6) Analyzed the support and reasonableness of valuation conclusions.
- (7) Analyzed the report's completeness and addressed the remainder value along with potential severance damages and benefits to the property under review.
- (8) The reviewer has not inspected the subject property nor any of the comparable properties. Comparable sale data was checked using public data sources.
- (9) The reviewer will develop and report an opinion as to the quality of the appraiser's work, including consideration of the completeness, accuracy, relevance, appropriateness, and reasonableness of the work under review as developed in the context of the requirements applicable to the work.
- (10) This review is intended to comply with USPAP Standards Rule 3-2 for an appraisal review.

#### **ASSUMPTIONS AND LIMITING CONDITIONS**

1. The review appraiser will not be responsible for matters of a legal nature that affect either the property that is the subject of the appraisal under review or the title to it, except for the information that the reviewer became aware of during the research involved in performing this appraisal review. The reviewer assumes that the title is good and marketable and will not render any opinions about title.
2. The review appraiser will not give testimony or appear in court because the reviewer performed a review of the appraisal of the property in question unless specific arrangements to do so have been made beforehand or as otherwise required by law.
3. Unless otherwise stated in this appraisal review report, the reviewer has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, expressed or implied. The reviewer will not be responsible for any such conditions that do exist or for any engineering or testing.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. The review appraisal report is for the sole use of the intended users identified on the review summary page.
6. At minimum, this appraisal review is subject to the same assumptions and limiting conditions contained in the report subject to this review.
7. Unless otherwise stated in this appraisal review report, the reviewer has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, expressed or implied. The reviewer will not be responsible for any such conditions that do exist or for any engineering or testing.
8. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.

## OVERVIEW

San Benito County Water District, the lead agency, proposes to construct new facilities as a portion of the San Benito County Water District Aquifer and Storage Recovery Project. The District will acquire the necessary property rights to complete the project. The purpose of the project is for aquifer and storage recovery. There are miscellaneous site improvements on the property. These were not valued, and the appraiser assumes that any relocation or reconstruction of these improvements will be construction contract work items.

Six comparable sales were included in the sales comparison approach. All were vacant agricultural/residential properties with similar agricultural/rural residential highest and best use characteristics. The appraisers concluded that no market condition adjustments were warranted for any sales. No quantitative adjustments were made. Qualitative rankings were given for various physical elements of comparison. All were vacant sites and are closed sales, with no listing or pending escrows. The concluded value of \$30,000 per AC is reasonable and within the range of comparable sales.

The appraiser gave full fee value (\$300) to the permanent easement areas as the easement will fully impact surface and subsurface rights. Full fee value was allocated for the TCE. A rate of 10% and a rental period of 18 months were given to the TCE area of resulting in a total rent figure of \$315. There are no damages resulting from the project and no special benefits.

Permanent Fee Simple Land Acquisition	\$-0-
Site Improvements Acquisition	\$-0-
Severance Damages	\$-0-
Permanent Easement	\$300
Temporary Construction Easement (full use-construction)	<u>\$315</u>
Total	\$615
Rounded	\$700
 Fair Market Value	 \$700

County of San Benito – Minimum Value Estimate Board Resolution N. 2010-102 = \$2,500.

The overall estimate of just compensation is \$615, rounded to \$700. This is below the mandatory minimum of San Benito County which is \$2,500.

<b>GENERAL REPORT INFORMATION</b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
1	Was the Appraiser directly engaged by the client, bank, or an acceptable financial services institution?	X		
2	Is a copy of the engagement letter in the appraisal report?		X	
3	Does the appraiser state the report conforms to the Uniform Standards of Professional Appraisal Practice?	X		
4	Was the appraisal performed by an appraiser licensed or certified in the state in which the property was located?	X		
5	Was the report completed by an appraiser with the appropriate certification or license?	X		
6	Does the report state that the appraiser is competent to perform the assignment, or does the Appraiser's Statement of Qualifications indicate competence?	X		
7	If the appraiser stated he was not competent, does the report disclose what the appraiser did to achieve competency?			X
8	Is the appraisal report type stated, i.e., Appraisal Report or Restricted Report?	X		
9	Is the report written, and does it contain sufficient analysis that allows the reviewer to understand the data, analysis, and conclusions reached?	X		
10	Are the applicable definitions of Market Value and other terms included?	X		
11	Are appropriate extraordinary assumptions and/or hypothetical conditions and/or limiting conditions included?	X		
12	Are the extraordinary assumptions and hypothetical conditions clearly and conspicuously stated?	X		
13	When extraordinary assumptions and hypothetical conditions were used, was it stated that their use may have affected the assignment results?	X		
14	Is the valuation based on an extraordinary assumption that construction is complete as of a prospective date of value?		X	
15	Is the valuation based on a hypothetical condition that construction is complete as of a current date of value?	X		
16	Is market support for time of completion, absorption, costs, income, and expenses provided?			X
17	Comments: The general report information is appropriate for the assignment.			

<b><u>SCOPE OF WORK</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
18	Does the appraisal report state the identity of the client and any other intended users?	X		
19	Does the report include a statement of the intended use of the appraisal?	X		
20	Does the report include a statement of the property interest appraised?	X		
21	Does the report include a statement of the type and definition of value and value source?	X		
22	Does the report include the date of the report and the effective date of value(s) (e.g., prospective, current, or retrospective)?	X		
23	Does the report include a signed certification?	X		
24	Does the certification meet USPAP Standards?	X		
25	Does the report contain a certification in compliance with USPAP Standard 2 that includes a statement that the assignment was not contingent on a specific value or loan?	X		
26	Does the certification include the name(s) of persons providing significant real property appraisal assistance?	X		
27	Was the appropriate scope of work determined given the assignment?	X		
28	Is the scope of work adequately explained in the report?	X		
29	Does the appraiser appropriately address the sales history or any current Agreement of Sale, option, or listing of the property being appraised during the last five years, including any impact on his value estimate (not just report the data)?	X		
30	If the property is an income-producing investment property, in whole or in part, does the appraiser analyze and report data on current lease revenues, vacancies, absorption, expenses, and capitalization or discount rates?			X
31	Does the report analyze and report appropriate deductions and discounts for proposed construction or renovation, partially leased buildings, non-market lease terms, and tract developments with unsold units?			X
32	Comments: The scope of work was adequately developed to solve the appraisal problem.			



<b><u>NEIGHBORHOOD &amp; MARKET ANALYSIS</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
33	Was the neighborhood discussion relevant to the subject property?	X		
34	Was the regional area discussion relevant to the subject property?	X		
35	Are facts and statistics analyzed pertinent to the subject property and/or assignment?	X		
36	Comments: The report contains sufficient information on regional, local, and market trends.			
<b><u>SITE AND IMPROVEMENT DESCRIPTION</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
37	Is the site adequately identified or defined?	X		
38	Is any excess or surplus land identified or defined?			X
39	Are the improvements adequately identified or defined?	X		
40	Is identification of personal property included in value?			X
41	Comments: There are miscellaneous improvements on the site that do not require valuation. Any removal or relocation of these improvements are assumed to be covered as a cost to cure as part of the project.			
<b><u>HIGHEST AND BEST USE ANALYSIS</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
42	Is the Highest and Best Use of land provided (If land is valued as vacant or as if vacant)?	X		
43	Is the Highest and Best Use of improved property provided (if improved property is valued.)	X		
44	Comments: The highest and best use of the subject was adequately developed and supported.			
<b><u>Partial Take Analysis</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
45	Was the partial acquisition adequately described?	X		
46	Were exhibits (plats, maps, legals) adequately described?	X		
47	Were improvements in the acquisition appropriately valued?			X
48	Was the remainder as part of the whole calculated?	X		
49	Was the value of the remainder in the after condition discussed and calculated?	X		
50	Were cost to cure items appropriately addressed?	X		
51	Were severance damages addressed?	X		
52	Were special benefits addressed?	X		
53	Was a Temporary Construction Easement valued appropriately?	X		
54	Was an estimate of just compensation provided?	X		
55	Comments: The before and after analysis was adequately supported. The estimate of just compensation, damages, benefits, and construction contract work were fully addressed. Calculations for the TCE are appropriate and correct.			

<b><u>COST APPROACH</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
56	Are all steps in the cost approach reasonable?			X
57	Are depreciation and cost estimates obtained from market information?			X
58	Are the calculations correct?			X
59	Are the depreciation items consistent with the descriptions?			X
60	Is the method depreciation appropriately addressed?			X
61	Is the value conclusion appropriately identified?			X
62	Is the exclusion of the cost approach supported?			X
63	<b>Comments:</b> No Cost Approach was applicable in this assignment.			
<b><u>SALES COMPARISON APPROACH</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
64	Are the comparable sales selected reasonable?	X		
65	Are adjustments consistent and reasonable?	X		
66	Is the adequate reasoning provided for adjustments, analysis, opinions, and conclusions?	X		
67	Are non-conforming or interim uses appropriately analyzed?			X
68	Are the sales adequately reconciled?	X		
69	Is the value conclusion appropriately identified?	X		
70	Is the exclusion of the sales comparison approach supported?			X
71	<b>Comments:</b> The sales comparison approach was appropriately used to value the property in before and after condition.			
<b><u>INCOME APPROACH</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
72	Is the financial data selected and analyzed reasonable?			X
73	Is market support for income, expenses, and vacancy reasonable?			X
74	Is market support for the capitalization rate reasonable?	X		
75	Are non-conforming or interim uses appropriately analyzed?			
76	Is the choice of methodology for the property type appropriate?	X		
77	Is the value conclusion appropriately identified?	X		
78	Is the exclusion of the income approach supported?			X
79	<b>Comments:</b> The income approach was used only to estimate rent for the TCE.			

<b><u>RECONCILIATION</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
80	Is the quality and quantity of available data analyzed within the developed approaches appropriately reconciled?	X		
81	Is the applicability or suitability of the developed approaches used to arrive at the value conclusions appropriately reconciled?	X		
82	Is the reconciliation satisfactory?	X		
<b>Comments:</b> Only one approach to value was required to value the acquisition.				
<b><u>CONCLUSION</u></b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
83	Does the reviewer believe the work under review is deemed to be complete?	X		
84	Does the reviewer believe that the data contained in the report is adequate, relevant, and appropriate?	X		
85	Does the reviewer believe that the report under review used appropriate appraisal techniques that yield a reasonable and credible conclusion?	X		
86	<b>Comments:</b> The estimate of just compensation is complete and reasonable with relevant data and approaches to value being appropriate.			

<b><u>Reviewer's Recommendation:</u></b>	
<b>Category I</b> – Accept the Appraisal Report as written	X
<b>Category II</b> – Accept the Appraisal Report subject to the minor changes requested. <b>No further review is required.</b>	
<b>Category III</b> – Substantive changes are necessary prior to the report's acceptance. <b>Additional review is required.</b>	

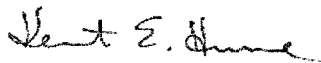
#### **REVIEWER'S FINAL COMMENTS**

The value conclusions stated in the appraisal report are adequately supported, appropriate, and reasonable based on the data and analyses presented. The content, analyses, and value conclusions are compliant with applicable standards. There were no deficiencies in the report. I approve the appraisal report for use by San Benito County Water District and Dokken Engineering.

<b>CERTIFICATION – Licensed Appraiser/Reviewer</b>
I certify that, to the best of my knowledge and belief:
The statement of facts contained in this report are true and correct.
The analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
I have no (or the specified) present or prospective interest in the property that is the subject of the work under review and no (or the specified) personal interest with respect to the parties involved.
I have performed no (or the specified) services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within a three-year period immediately preceding acceptance of this assignment.
I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
My engagement in this assignment was not contingent upon developing or reporting predetermined results.
My compensation is not contingent upon an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
My compensation for completing this assignment is not contingent upon the development or reporting or predetermined assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
My analyses, opinions, and conclusions were developed, and this review report was prepared in conformity with the <i>Uniform Standards of Professional Appraisal Practice</i> .
<i>I have not</i> made a personal inspection of the subject of the work under review.
No one provided significant appraisal or appraisal review assistance to the person signing this certification.

Reviewed By: Kent Hume

Date:  
5/28/2025



Kent E. Hume  
CA License No.: AG038441  
Expiration: September 29, 2025

## **QUALIFICATIONS OF KENT E. HUME**

BREA Appraiser Identification Number AG 038441

### **PROFESSIONAL EXPERIENCE**

Dokken Engineering Current	Preparation of appraisals for commercial and industrial properties with October 2023 - emphasis on ROW assignments and ROW appraisal review in the State of California
Ryan Valuation Services with January 2016 – October 2023	Preparation of appraisals and appraisal review for commercial and industrial properties emphasis on subdivisions, multi-family land, office, retail, eminent domain and special purpose properties in Shasta, Butte, Trinity, Tehama, Humboldt, Siskiyou, Modoc, Plumas and Glenn Counties, California.
Independent Fee Appraiser February 2006 – December 2015	Preparation of appraisals for commercial and industrial properties with emphasis on subdivisions, multi-family land, office, retail, and special purpose properties in Shasta, Butte, Trinity, Tehama, and Lassen Counties, California.
Ryan and Murphy Group, Inc. January 2003- February 2006	Preparation of appraisals for commercial and industrial properties with emphasis on subdivisions, multi-family land, office, retail, and special purpose properties in Shasta, Butte, Trinity, Tehama, and Lassen Counties, California.
Ryan and Associates March 2002-December 2002	Staff duties included the research, use of the evaluation approaches and preparation of reports for subdivisions, multi-family, commercial and industrial properties throughout Shasta, Butte, Trinity, and Lassen Counties, California.
Market Data Center June 1998-February 2002	Duties included researching commercial sale transactions, verifying sale data, creating property reports with sale data. Maintaining commercial sale database, provide research for clients for comparable sale data.

### **PROFESSIONAL CREDENTIALS**

- State of California Certified General Real Estate Appraiser, AG 038441, Exp. 9/29/2025

### **EDUCATION**

- Oklahoma State University Bachelor of Arts, History, 1996

Basic Appraisal Principals	Appraisals in Atypical Markets and Cycles
Basic Appraisal Procedures	Laws and Regulations for California Appraiser
Basic Income Capitalization	Subdivision Analysis
Advanced Income Capitalization	Comparative Analysis
Highest and Best Use and Market Analysis	Intro to Expert Witness Testimony
Advanced Sales and Cost Approaches	Eminent Domain & Condemnation
General Report Writing	Forecasting Revenue
Managing Appraiser Liability	Land and Site Valuation
Intro to Commercial Appraisal Review	Divorce and Estate Appraisals

### **CONTINUING EDUCATION**

I have met the continuing education requirements of the State of California

## APPRAISER LICENSE



Business, Consumer Services & Housing Agency  
**BUREAU OF REAL ESTATE APPRAISERS**  
**REAL ESTATE APPRAISER LICENSE**

**Kent E. Hume**

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 038441

Effective Date: September 30, 2023  
Date Expires: September 29, 2025

  
Angela Jemmott, Bureau Chief, BREA

3073301

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "CHAIN LINK"