



**STOCKTON
EAST WATER
DISTRICT**

PROVIDING SERVICE SINCE 1948

www.sewd.net

DIRECTORS

Richard Atkins
President
Division 1

Andrew Watkins
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Alvin Cortopassi
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Loralee McGaughey
Division 6

Thomas McGurk
Vice President
Division 7

STAFF

Justin M. Hopkins
General Manager

Juan M. Vega
Assistant General Manager

LEGAL COUNSEL

Jeanne M. Zolezzi
General Counsel

Phone 209-948-0333
Fax 209-948-0423

E-mail sewd@sewd.net

6767 East Main Street
Stockton, CA 95215

Post Office Box 5157
Stockton, CA 95205

MEETING NOTICE

The Agricultural Operations Committee
Of the Stockton East Water District
Board of Directors will meet at

12:00 p.m. on Thursday, April 6, 2023

At the District Office, 6767 East Main Street, Stockton, CA

Assistance for the Disabled: If you are disabled in any way and need accommodation to participate in the meeting, please contact Administrative Staff at (209) 948-0333 for assistance so the necessary arrangements can be made.

Agendas and minutes are located on our website at www.sewd.net.

AGENDA

1. Roll Call - Chairperson Cortopassi, Director Atkins, Director Watkins, Director Sanguinetti (Alternate)
2. Public Comment
3. Fiscal Year 2023-2024 Water Rates
4. Proposed Modifications to Policy No. 3085 – Establishing Program Incentives for Encouraging the Use of Surface Water Memo
 - a. Establishing Program and Incentives for Encouraging the Use of Surface Water Policy – DRAFT
5. SEWD & NSJWD Boundary Adjustments
6. Delucchi Crossing Replacement and Flashboard Dam Installation – Site Visit
7. Adjournment

Certification of Posting

I hereby certify that on April 3, 2023 I posted a copy of the foregoing agenda in the outside display case at the District Office, 6767 East Main Street, Stockton, California, and said time being at least 72 hours in advance of the Agriculture Operations Committee Meeting (Government Code Section 54954.2). Executed at Stockton, California on April 3, 2023.

Justin M. Hopkins, General Manager
Stockton East Water District

Any materials related to items on this agenda distributed to the Agriculture Operations Committee of the Stockton East Water District less than 72 hours before the public meeting are available for public inspection at the District's office located at the following address: 6767 East Main Street, Stockton, CA 95215. Upon request, these materials may be available in an alternative format to persons with disabilities.

CPI for All Urban Consumers (CPI-U) Original Data Value

Series Id: CUUR0000SA0

Not Seasonally Adjusted

Series Title: All items in U.S. city average, all urban consumers, not

Area: U.S. city average

Item: All items

Base Period: 1982-84=100

Years: 2012 to 2022

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2012	226.665	227.663	229.392	230.085	229.815	229.478	229.104	230.379	231.407	231.317	230.221	229.601	229.594
2013	230.280	232.166	232.773	232.531	232.945	233.504	233.596	233.877	234.149	233.546	233.069	233.049	232.957
2014	233.916	234.781	236.293	237.072	237.900	238.343	238.250	237.852	238.031	237.433	236.151	234.812	236.736
2015	233.707	234.722	236.119	236.599	237.805	238.638	238.654	238.316	237.945	237.838	237.336	236.525	237.017
2016	236.916	237.111	238.132	239.261	240.229	241.018	240.628	240.849	241.428	241.729	241.353	241.432	240.007
2017	242.839	243.603	243.801	244.524	244.733	244.955	244.786	245.519	246.819	246.663	246.669	246.524	245.120
2018	247.867	248.991	249.554	250.546	251.588	251.989	252.006	252.146	252.439	252.885	252.038	251.233	251.107
2019	251.712	252.776	254.202	255.548	256.092	256.143	256.571	256.558	256.759	257.346	257.208	256.974	255.657
2020	257.971	258.678	258.115	256.389	256.394	257.797	259.101	259.918	260.280	260.388	260.229	260.474	258.811
2021	261.582	263.014	264.877	267.054	269.195	271.696	273.003	273.567	274.310	276.589	277.948	278.802	270.970
2022	278.001	280.104	283.169	284.046	286.781	290.676	290.253	290.611	291.562	292.991	293.452	293.510	287.930
										2022	287.930		
										2021	270.970		
										net change	16.960		
										Increase	0.0626		6.26%

<https://www.bls.gov> > Data > Top Picks, One Screen, Multi-Screen, Maps, and Calculators
 Choose second option > Urban Wage Earners and Clerical Workers> One Screen>
 Select US city average and all items > click only seasonally adjusted > Get data
 In the last screen hit the .xls hyperlink to retrieve data in Excel.

STOCKTON EAST WATER DISTRICT
COMPARATIVE TABLE - WATER RATES

RATES FOR CALENDAR YR	CPI* INCREASE	MAX % INCREASE	CPI Year	SURFACE WATER (AF)		GROUND WATER (AF)		DOMESTIC UNITS		MUNICIPAL GROUND WATER (AF)		OUT-OF-DISTRICT WATER RATE		GW RATE EQUALIZATION (AF)	
				Maximum Allowable	ACTUAL RATE	Maximum Allowable	ACTUAL RATE	Maximum Allowable	ACTUAL RATE	Maximum Allowable	ACTUAL RATE	Maximum Allowable	ACTUAL RATE	Maximum Allowable	ACTUAL RATE
1979	-	-	-	\$7.60	\$7.60	\$1.16	\$1.16	\$10.00	\$10.00	\$3.00	\$3.00	-	-	-	-
1980	11.30%	31.30%	1979	\$9.98	\$7.60	\$1.52	\$1.16	\$13.13	\$10.00	\$3.00	\$3.00	-	-	-	-
1981	13.50%	13.50%	1980	\$11.32	\$9.12	\$1.73	\$1.39	\$14.90	\$12.00	\$3.60	\$3.60	-	-	-	-
1982	10.30%	10.30%	1981	\$12.49	\$9.12	\$1.91	\$1.39	\$16.43	\$12.00	\$3.60	\$3.60	-	-	-	-
1983	6.20%	6.20%	1982	\$13.27	\$9.12	\$2.02	\$1.39	\$17.46	\$12.00	\$3.60	\$3.60	-	-	-	-
1984	3.20%	3.20%	1983	\$13.69	\$9.12	\$2.09	\$1.39	\$18.02	\$12.00	\$3.60	\$3.60	-	-	-	-
1985	4.30%	4.30%	1984	\$14.28	\$9.12	\$2.18	\$1.39	\$18.79	\$12.00	\$3.60	\$3.60	-	-	-	-
1986	3.60%	3.60%	1985	\$14.79	\$9.12	\$2.26	\$1.39	\$19.47	\$12.00	\$3.60	\$3.60	-	-	-	-
1987	1.90%	1.90%	1986	\$15.08	\$9.12	\$2.30	\$1.39	\$19.84	\$12.00	\$3.60	\$3.60	-	-	-	-
1988	3.60%	3.60%	1987	\$15.62	\$10.12	\$2.38	\$2.39	\$20.55	\$12.00	\$3.60	\$3.60	-	-	-	-
1989	4.10%	4.10%	1988	\$16.26	\$15.00	\$2.48	\$2.39	\$21.40	\$12.00	\$3.60	\$3.60	-	-	-	-
1990	4.78%	4.78%	1989	\$17.04	\$15.00	\$2.60	\$2.39	\$22.42	\$12.00	\$3.60	\$3.60	-	-	\$37.50	\$75.87
1991	5.40%	5.40%	1990	\$17.96	\$15.00	\$2.74	\$2.39	\$23.63	\$12.00	\$3.60	\$3.60	-	-	\$76.15	\$75.87
1992	4.24%	4.24%	1991	\$18.72	\$15.00	\$2.86	\$2.39	\$24.64	\$12.00	\$3.60	\$3.60	-	-	\$76.15	\$76.15
1993	3.03%	3.03%	1992	\$19.28	\$15.00	\$3.01	\$2.39	\$25.38	\$12.00	\$3.60	\$3.60	-	-	\$54.54	\$54.54
1994	2.94%	2.94%	1993	\$19.85	\$15.00	\$3.09	\$3.00	\$26.13	\$12.00	\$3.60	\$3.60	-	-	\$47.24	\$47.24
1995	2.61%	2.61%	1994	\$20.37	\$15.00	\$3.17	\$3.00	\$26.81	\$12.00	\$3.60	\$3.60	-	-	\$45.10	\$45.10
1996	2.81%	2.81%	1995	\$20.94	\$15.00	\$3.20	\$3.00	\$27.56	\$12.00	\$3.60	\$3.60	-	-	\$41.22	\$41.22
1997	2.93%	2.93%	1996	\$21.56	\$15.00	\$3.29	\$3.00	\$28.37	\$12.00	\$3.60	\$3.60	-	-	\$57.98	\$57.98
1998	2.33%	2.33%	1997	\$22.06	\$15.00	\$3.37	\$3.37	\$29.03	\$12.00	\$3.60	\$3.60	-	-	\$64.54	\$64.54
1999	1.67%	1.67%	1998	\$22.43	\$15.00	\$3.48	\$3.48	\$29.51	\$12.00	\$3.60	\$3.60	-	-	\$52.80	\$52.80
2000	2.21%	2.21%	1999	\$22.93	\$15.00	\$3.58	\$3.58	\$30.16	\$12.00	\$3.60	\$3.60	-	-	\$58.35	\$58.35
2001	3.36%	3.36%	2000	\$23.70	\$15.00	\$3.67	\$3.67	\$31.17	\$12.00	\$3.60	\$3.60	-	-	\$74.60	\$74.60
2002	2.85%	2.85%	2001	\$24.38	\$15.00	\$3.78	\$3.78	\$32.06	\$12.00	\$3.60	\$3.60	-	-	\$75.35	\$75.35
2003	1.58%	1.58%	2002	\$24.77	\$15.00	\$3.84	\$3.84	\$32.57	\$12.00	\$3.60	\$3.60	-	-	\$74.42	\$74.42
2004	2.22%	2.22%	2003	\$25.32	\$16.50	\$3.92	\$3.92	\$33.29	\$12.00	\$3.60	\$3.60	-	-	\$84.31	\$84.31
2005	2.61%	2.61%	2004	\$25.98	\$16.50	\$4.02	\$4.02	\$34.16	\$12.00	\$3.60	\$3.60	-	-	\$112.76	\$112.76
2006	3.39%	3.39%	2005	\$26.86	\$16.75	\$4.16	\$4.16	\$35.32	\$12.00	\$3.60	\$3.60	-	-	\$127.04	\$127.04
2007	3.23%	3.23%	2006	\$27.72	\$20.00	\$4.29	\$4.29	\$36.46	\$12.00	\$4.20	\$4.20	-	-	\$133.08	\$133.08
2008	2.85%	2.85%	2007	\$28.51	\$20.00	\$4.41	\$4.41	\$37.50	\$12.00	\$6.50	\$6.50	-	-	\$145.71	\$145.71
2009	3.84%	3.84%	2008	\$29.60	\$20.00	\$4.58	\$4.58	\$38.94	\$12.00	\$3.60	\$3.60	-	-	\$141.11	\$141.11
2010	-0.36%	-0.36%	2009	\$29.60	\$20.00	\$4.58	\$4.58	\$38.94	\$12.00	\$3.60	\$3.60	-	-	\$160.71	\$160.71
2011	1.64%	1.64%	2010	\$30.09	\$22.00	\$4.66	\$4.66	\$39.58	\$12.00	\$3.60	\$3.60	-	-	\$189.09	\$189.09
2012	3.15%	3.15%	2011	\$31.03	\$22.00	\$4.80	\$4.80	\$40.83	\$12.00	\$3.60	\$3.60	-	-	\$195.43	\$195.43
2013	2.07%	2.07%	2012	\$31.68	\$23.00	\$4.90	\$4.90	\$41.67	\$12.00	\$3.60	\$3.60	-	-	\$196.43	\$196.43
2014	1.46%	1.46%	2013	\$32.14	\$23.00	\$4.97	\$4.97	\$42.28	\$12.00	\$3.60	\$3.60	-	-	\$207.54	\$207.54
2015	1.62%	1.62%	2014	\$32.66	\$23.00	\$5.05	\$5.05	\$42.97	\$12.00	\$3.60	\$3.60	-	-	\$222.98	\$222.98
2016	0.12%	0.12%	2015	\$32.70	\$23.00	\$5.06	\$5.06	\$43.02	\$12.00	\$3.60	\$3.60	-	-	\$329.98	\$329.98
2017	1.26%	1.26%	2016	\$33.11	\$23.00	\$5.12	\$5.12	\$43.56	\$12.00	\$3.60	\$3.60	-	-	\$333.83	\$333.83
2018	2.13%	2.13%	2017	\$33.82	\$23.00	\$5.23	\$5.23	\$44.49	\$12.00	\$3.60	\$3.60	-	-	\$322.32	\$322.32
2019	2.44%	2.44%	2018	\$34.65	\$23.00	\$5.36	\$5.36	\$45.58	\$12.00	\$3.60	\$3.60	-	-	\$331.37	\$331.37
2020	1.81%	1.81%	2019	\$35.28	\$23.00	\$5.46	\$5.46	\$46.40	\$12.00	\$3.60	\$3.60	-	-	\$321.49	\$321.49
2021	1.23%	1.23%	2020	\$35.71	\$23.00	\$5.53	\$5.53	\$46.97	\$12.00	\$3.60	\$3.60	-	-	\$341.35	\$341.35
2022	4.70%	4.70%	2021	\$37.39	\$23.00	\$5.79	\$5.79	\$49.18	\$12.00	\$3.60	\$3.60	-	-	\$382.77	\$382.77
2023	6.26%	6.26%	2022	\$39.73	\$24.44	\$6.15	\$6.15	\$52.26	\$12.00	\$3.60	\$3.60	-	-	\$421.45	\$421.45

1 U.S. All Urban Consumers Index.

2 One time 20% increase

3 This was comprised of the Proposed CSJWCD Wheeling Rate plus the proposed surface water rate.

4 Proposed Rate (Ag Committee).

FUND 67

Comparative Five Year Summary

	2019-2020	2020-2021	2021-2022	2022-2023	2022-2023	2023-2024
	Actual	Actual	Actual	Budget	Actual	Budget
					1	
BEGINNING FUND BALANCE	1,719,774	2,503,279	2,693,598	2,676,613	2,676,613	2,965,931
REVENUES						
Penalty Charges	15,918	18,304	11,160	12,000	13,475	12,000
Groundwater Assessments	731,281	727,711	763,106	718,900	796,335	752,700
Surface Water Assessment	671,856	661,153	693,102	631,000	733,777	631,000
Domestic Unit Assessment	278,598	279,664	282,033	281,325	296,896	294,000
Meter Rentals	13,269	13,041	12,800	13,200	12,914	13,200
Interest Income	48,574	22,977	7,222	32,000	10,000	12,000
Other Income	156,427	-	-	-	1,500	-
Transfer in from Reserves	-	-	-	720,073	-	782,041
Property Taxes	507,044	517,956	-	490,000	510,000	490,000
Total Revenues	2,422,967	2,240,806	1,769,423	2,898,498	2,374,896	2,986,941
EXPENSES						
Water Costs	246,009	441,733	358,760	314,000	874,475	314,000
OPEB Liability	25,209	16,592	56,497	-	26,896	-
New Melones Debt Service	356,080	352,897	353,178	-	-	-
Water Supply Cost Allocation	314,724	541,972	783,798	1,655,309	564,083	1,797,272
Admin Cost Allocation	669,245	672,931	610,486	884,439	585,374	840,919
Other Expenses	28,195 ²	24,361	34,413 ²	44,750	34,750 ²	34,750 ²
Total Expenses	1,639,462	2,050,486	2,197,131	2,898,498	2,085,578	2,986,941
Total Revenues Over (Under) Expenses	783,505	190,320	(427,709)	-	289,318	-

Note 1: Preliminary numbers based on projection as of 03/01/2023

Note 2: Property Insurance, Share of Capitalized Assets, Dry Year Reserve Contributions, Depreciation and Goodwin Dam Self Insurance, UAL Contributions, Phytophthora Study

**WATER RATE SCENARIOS
AGRICULTURAL DIVISION - FISCAL YEAR 2023-2024**

Assumptions: Budgeted Water Amounts Assumed

Projected Revenues	FY 2023-2024 Adopted Budget		Scenario 1		Scenario 2		Scenario 3		Scenario 4 RECOMMENDATION	
	Assumed Rate	Amount \$	Assumed Rate	Amount \$	Assumed Rate	Amount \$	Assumed Rate	Amount \$	Assumed Rate	Amount \$
Penalty		12,000		12,000		12,000		12,000		12,000
Groundwater	130,000 AF	752,700	\$6.15	799,500	\$6.15	799,500	\$6.15	799,500	\$6.15	799,500
Surface Water	22,000 AF	506,000	23.00	537,680	24.44	537,680	24.44	537,680	23.00	506,000
Domestic Unit Assessments	6,000 units	294,000	49.00	294,000	49.00	294,000	52.00	312,000	52.00	312,000
Surface Water Out-of-District	Cost+Wheeling	125,000		125,000		125,000		125,000		125,000
Meter Rentals		13,200		13,200		13,200		13,200		13,200
Interest Income		12,000		12,000		12,000		12,000		12,000
Property Taxes		490,000		490,000		490,000		490,000		490,000
Transfers in from Reserves		782,041		782,041		782,041		782,041		782,041
Total Projected Revenues for FY 2023-2024		2,986,941		3,033,741		3,065,421		3,083,421		3,051,741
EXPENSES										
Water Costs		314,000		314,000		314,000		314,000		314,000
OPEB		-		-		-		-		-
New Melones Debt Service		-		-		-		-		-
Water Supply Cost Allocation		1,797,272		1,797,272		1,797,272		1,797,272		1,797,272
Admin Cost Allocation		840,919		840,919		840,919		840,919		840,919
Other Expenses		34,750		34,750		34,750		34,750		34,750
Budgeted Expenses for FY 2023-2024		2,986,941		2,986,941		2,986,941		2,986,941		2,986,941
Net Proj. Revenues vs. Budgeted Expenses		-		46,800		78,480		96,480		64,800

* Balance in AG Dry Year Reserve Fund is \$2,505,988 as of February 28, 2023.

Memorandum

To: Agricultural Operations Committee
From: Justin Hopkins – General Manager
Date: April 6, 2023
Re: Proposed Modifications to Policy No. 3085 – Establishing Program Incentives for Encouraging the Use of Surface Water

Background

On July 23, 2019, the Stockton East Water District (District) Board of Directors (Board) approved District Policy No. 3085 – Establishing Program and Incentives for Encouraging the Use of Surface Water (Policy 3085). Policy 3085 was developed to encourage the conversion of historically groundwater irrigated agriculture to surface water irrigation. Groundwater to surface water conversion is incentivized through Policy 3085 by allowing District customers to pay the current groundwater rate for surface water, thereby saving an approximate \$17 per acre-foot (AF) on the water rate. The discounted rate would apply to diversions until the capital investment cost of connecting to surface water is recovered by the customer or for seven years; whichever occurs first.

Summary

Over the past three years District staff has received experience administering Policy 3085 and feedback from several landowners. Staff has met with at least 19 District customers since adoption of Policy 3085 and received Surface Water Diversion Applications from 14 of the customers that decided to move forward with constructing surface water facilities. The Surface Water Diversion Application is the first process towards enrollment in the Policy 3085 incentive, however unclear language within Policy 3085 had led to inconsistent processing of applications amongst staff. Policy 3085 is also silent about reactivation of derelict or abandoned surface water facilities that have been idle for years to decades, but could be rehabilitated to restore former surface water use. Lastly, Policy 3085 includes provisions against penalties should surface water be unavailable, but does not extend the seven year recovery period.

Policy 3085 has also received little success, with only two customers enrolling into the incentive program and a third nearing completion of the enrollment process, of the 14 customers who submitted applications. In comparison, the District's previous low interest loan program received 11 enrolled customers over a period of two years. In addition to low enrollment into the incentive program, staff are receiving decreasing quantities of surface water diversion applications. The primary reason provided by customers who have not progressed with the installation of surface water diversion facilities is the upfront capital cost.

Staff has considered the varying success of the District's programs to incentivize surface water use, customer feedback, and staff feedback regarding the current program. To improve customer use of Policy 3085 and increase the installation of new surface water diversions to satisfy the requirements of the SGMA, staff proposes the changes within the modified, draft Policy 3085 attached.

Financial Impact

The District’s reserves currently include the amounts shown in Table 1 and total approximately \$8,200,000. The District’s Fiscal Year 2023-2024 Agricultural Fund budget is approximately \$3,000,000, so prudent financial management of District funds requires \$3,000,000 be retained in reserves at all times. The remaining reserves, up to \$5.2M, could be used for the low interest loan program. At the current LAIF interest rate of 2.07%, the reserves could mature to \$5.76M in five years.

Funds	Amount
81 – Water Development	\$5,418,433.26
67 – Ag Reserve	\$2,554,401.85
58 – Ag Dry Year Reserve	\$246,477.92
Total	\$8,219,313.03

Table 1. Reserve Accounts

Recommendation

Staff requests the committee consider the proposed, revised Policy 3085 and recommend approval of revised Policy 3085 to the full Board of Directors.



STOCKTON EAST WATER DISTRICT Policy Manual

No. 3085

Establishing Program and Incentives for Encouraging the Use of Surface Water

ADOPTED:

July 23, 2019

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A. Purpose

The purpose of this Surface Water Incentive Policy (“Policy”) is to continue to encourage the use of surface water versus pumping groundwater for agricultural water users and establish the procedures and guidelines for customer use of the District’s surface water supply.

The California Legislature established Stockton East Water District (“**District**”) in 1948 to ensure proper management of the underground water basin and provide supplemental water supplies. The District provides surface water for both agricultural and urban uses, and encourages the continued expansion of surface water deliveries instead of pumping groundwater for the benefit of the Groundwater Basin. By providing surface water for agricultural irrigation, the District supports a sustainable and reliable water supply for San Joaquin County’s agricultural industry that is the area’s leading economic activity.

In September 2014, California Legislature enacted the Sustainable Groundwater Management Act (SGMA) to require local agencies to manage groundwater sustainably and bring the Groundwater Basin into balanced levels of pumping and recharge. SGMA empowers local agencies to form Groundwater Sustainability Agencies (“**GSA**”) to enable management of their portions of the Groundwater Basin. The District is a GSA and is responsible for groundwater usage of the Basin within the District’s boundary. This Policy is also intended to meet compliance with the State of California’s Water Conservation Act of 2009 & water rights diversion regulations for measurement and reporting requirements.

STOCKTON EAST WATER DISTRICT

Policy Manual

This Policy outlines the procedures for installation of surface water diversion infrastructure needed to divert water from natural watercourses for on-farm irrigation (“**Diversions Facilities**”), and sets forth the circumstances under which the District will provide financial incentives to landowners to install Facilities for surface water use (“**Incentive Program**”).

B. Surface Water Application Process

1. District Application. A landowner within the District that desires to begin using surface water must submit a written surface water application to the District on an approved form prior to installation of any Diversions Facilities. Upon receipt and review of the submitted Application, staff will contact the customer (**Application - Attachment 1**). The Application submitted to the District will be reviewed and approved by the General Manager. Prior to beginning permitting and/or construction activities the landowner must include provide detailed information and drawings including, but not limited to, pump(s) capacity and type, electrical hookup, piping size/diagram, fish screen type, and tank(s)/filter(s) pump connections, with a scaled drawing of the Diversions Facilities on a District template.

The District requires meters for all new surface water diversions, and all new meter infrastructure will be billed in accordance with applicable District Rule(s) and Ordinance(s). Except as otherwise provided in this Policy, all surface water diverted will be billed at the rates established in the District’s current Water Rate Ordinance.

District Ordinance No. 21/District Rule No. 21

District Rule No. 120

District Rule No. 131

2. Permits and District Provided Services. The District will assist landowners to obtain any required permits prior to installing Diversions Facilities. Such permits may include permits required for surface water diversion improvements from regulatory agencies, i.e., San Joaquin County (SJC), Central Valley Flood Protection Board (CVFPB), Regional Water Quality Control Board (RWQCB), California Department of Fish & Wildlife Service (CDFW) and United States Army Corp of Engineers (USACE). Landowner will be required to pay all permitting fees and additional application fees imposed by regulatory agencies. As part of the permitting process, there may be associated record searches and studies required by regulatory agencies, and the landowner is also required to pay for any additional studies required for permitting inged at the cost charged by District consultants. The landowner must contract directly with the appropriate consultant(s) and provide the work product to the District for submission.

While the landowner will pay for any and all direct costs, the District will provide assistance (i.e., indirect costs), at no cost to the landowner. The following is an example of direct and indirect costs provided by the District:

Direct Costs:

- Record searches and permitting agencies required studies charged by a consultant to the District-landowner for assistance as required during the

STOCKTON EAST WATER DISTRICT Policy Manual

permitting process.

- Surveys related to Record of Survey, Survey Map, or Legal Descriptions charged by a land surveyor.
- Encroachment permits fees from third parties (i.e., state or county).
- Procurement of any necessary right-of-way.

Indirect Costs:

- Permitting assistance, if applicable, with the following entities: SJC, CVFPB, RWQCB, FWS & USACE.
- Encroachment permits from the District if an existing legal easement or legal right-of-way exists.
- Preparation of minor California Environmental Quality Act (CEQA) documentation, if required.
- Provide limited assistance to complete, notarize and record applicable legal documents once all negotiations are complete.
- Review and approve the design, plans and specifications prepared by the landowner for the proposed improvements.

C. Program Incentives

The District provides two incentive programs to encourage customers' conversion from groundwater to surface water for agricultural irrigation.

1. — **Cost Recovery**

Landowners within the District may recover part or all of the cost of installing Diversion Facilities, as well as additional improvements reasonably required to connect the Diversion Facilities into their existing irrigation system (collectively "**Facilities**") by receiving low-cost water from the District until the approved costs of the Facilities are recovered in accordance with this Policy. The landowner is responsible for installing Facilities at its own initial cost. In order to receive incentives for diverting surface water, the landowner must enter into a written Surface Water Sale & Amortization Agreements with the District in the form of **Attachment 3-2** ("**Agreement**"), by which landowner agrees to use exclusively surface water when available for all future irrigation on the property(ies) to be served by the Facilities ("**Property**"). Under the Agreement, the landowner will pay for each acre foot of surface water diverted to the Property at the lower per acre foot agricultural groundwater assessment imposed by the District for a period of seven (7) years, or until the documented costs of the Facilities has been recovered, whichever is earlier. For each year that surface water is not available to provide a full irrigation season in any year, the Term of the Agreement will be extended an additional one (1) year. After expiration of the Term, the landowner will be charged the then going rate for stream delivered water for continued use of surface water on the Property. Although the Agreement itself will terminate, a Memorandum will

STOCKTON EAST WATER DISTRICT

Policy Manual

be recorded against the Property requiring the continued use of surface water, on the property subject to the Agreement.

2. Low Interest Loan

Landowners within the District may finance part or all of the cost of installing Facilities by receiving a low-interest loan from the District in accordance with this Policy. The landowner is responsible for installing Facilities and any costs in excess of the loan amount. In order to receive District financing, the landowner must enter into a Loan Agreement with the District and execute a Promissory Note and Deed of Trust as provided in the Loan Agreement and Exhibits in the form of Attachment 3 (“Agreement”) by which landowner agrees to repay the loan and exclusively use surface water when available for all future irrigation on the property(ies) to be served by the Facilities (“Property”) for a period of fifteen (15) years. Under the Agreement, the landowner will repay the loan in five (5) equal annual installments. The interest rate of the loan will be determined at the time of application, and will be equivalent to the current Local Agency Investment Fund (LAIF) interest rate. The Deed of Trust will be recorded against the Property upon approval of the Loan Agreement until the Loan Agreement is satisfied, at which time the lien shall be removed. Although the Agreement itself will terminate, a Memorandum will be recorded against the Property requiring the continued use of surface water, on the property subject to the Agreement.

The following list describes program incentive guidelines and penalties:

- To be eligible for enrollment into the Program Incentives, Facilities must either be newly constructed Facilities or rehabilitation of abandoned Facilities that have been inactive for at least fifteen (15) years. All Facilities shall be constructed or reconstructed under an approved Surface Water Diversion Application. Landowner ~~will be eligible for the Cost Recovery program~~ may participate only in one program.
- The District encourages landowners to seek additional funding assistance from other agency or entities, such as United States Department of Agriculture Natural Resources Conservation Service (NRCS), to be used in conjunction with District financing. Should other financing be obtained (grants and/or loans), this Policy will apply only to that portion of the cost of the Facilities not covered by funding received from other agency or entities, as determined during the pre-approval process.
- ~~The landowner will receive surface water, or “stream delivered water” at the applicable lower agricultural groundwater assessment rate only during the Term of the Agreement, which is the earlier of seven (7) years, or until the cost of installation of the Facilities has been amortized. After expiration of the Term, the landowner will be charged the then going rate for stream delivered water for continued use of surface water on the Property.~~
- The District will apply penalties for use of groundwater when surface water is available and can be used by the landowner as specified in the Agreement. The penalty for use of agricultural groundwater when surface water is available

STOCKTON EAST WATER DISTRICT

Policy Manual

is ten (10) times the amount of the current agricultural groundwater assessment.

- In accordance with the Agreement, if at any time the Landowner cannot use the available surface water supply, the Landowner must give notice to the District and receive written authorization before changing water supply operations from surface water to groundwater sources, for reasons set forth in the Agreement.
- Upon execution of the Agreement (and any additional required documents by both parties) a Memorandum of the Agreement will be recorded with the County in which the Property is located.
- **NOTE: The Board of Directors may review this Policy at any time and reserves the right to amend or terminate this Program without notice.**

sadf

**STOCKTON EAST WATER DISTRICT
SURFACE WATER SALE AND AMORTIZATION AGREEMENT**

This SURFACE WATER SALE AND AMORTIZATION AGREEMENT ("**Agreement**") is made this ____ day of _____ 20__ ("**Effective Date**"), by and between STOCKTON EAST WATER DISTRICT, a political subdivision of the State of California ("**District**"), and _____, ("**User**"). District and User and each individually referred to in this Agreement as a "**Party**" and collectively as the "**Parties**."

1. RECITALS

A. District adopted Policy No. 3085 on _____ ("**Policy**") to encourage the construction of physical facilities to use surface water for irrigation within the service area of the District.

B. This Agreement implements the Policy by permitting, under the circumstances set forth in this Agreement, the purchase of surface water at the Groundwater Assessment Rate per acre-foot instead of the District's surface water rate.

C. User has installed physical facilities more particularly described in **EXHIBIT A** attached hereto ("**Facilities**") to make surface water available to that real property more particularly described in **EXHIBIT B** to this Agreement ("**Property**").

D. District is the holder of interests in the Property by virtue of its legal right to utilize the natural watercourse running through the Property for conveyance of surface waters, and by virtue of its legislative charge (Chapter 819 of the Statutes of 1971, as amended) to protect and restore the critically overdrafted Eastern San Joaquin County Ground Water Basin which underlies the Property ("**Water Rights**"); and

~~E.~~ District has verified installation of the Facilities as well as the cost for construction of physical facilities as submitted by User, which are also included in EXHIBIT A.

~~F.~~ In accordance with this Agreement and the Policy, User is entitled to receive water at a reduced rate subject to the terms and conditions of this Agreement.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

2. EVIDENCE OF USER'S COSTS. User has submitted to District copies of all invoices, receipts and other evidence of payment by User documenting the cost of construction of the Facilities. District and User agree that the total cost to be amortized pursuant to this Agreement for the Facilities shall be _____ Dollars (\$_____) ("**Cost**"), which includes only the total actual cost of the Facilities, and does not include other costs of User, such as acquisition of land or easements, or removal of other water conveyance facilities, including wells and pumps.

3. TERM OF AGREEMENT.

A. Term. This Agreement shall become effective on the Effective Date and, except as provided in Section 4.B, will continue in effect until the cost savings to User from the discounted water received under this Agreement (determined by calculating the difference between the groundwater assessment rate paid by User and the applicable surface water rate times the total acre feet used by User during the Term) equals the Cost, or a period of seven (7) years from the Effective Date, whichever comes first ("Initial Term").

A.B. Extension. The Initial Term shall be extended for each irrigation year that District is unable to provide User with one hundred percent (100%) of its water demand ("Extended Term"). The Initial Term and any Extended Term shall be collectively referred to herein as the "Term."

3.4. PURCHASE PRICE.

A. During the Term, District agrees to sell User surface water for irrigation on the Property at the agricultural groundwater assessment rate established by the District in the year the water is received (by way of example only, that rate is \$_____ per acre-foot for the _____ irrigation season, and changeable on an annual basis), as opposed to the applicable per acre rate for stream delivered water. Upon termination of this Agreement, any and all surface water provided by District to User for use on the Property shall be paid at the applicable rate for stream delivered water.

B. During the Term and the UseExtended Term (defined below), should User utilize groundwater to irrigate the Property during any time that surface water is made available to the Property by District, then User shall be responsible to pay District for any and all groundwater pumped at the then applicable agricultural groundwater assessment rate times ten (10), and District shall have the option to immediately terminate this Agreement upon written notice to User.

5. **WATER MEASUREMENT.** The District has installed a water meter to measure the rate of surface water applied by User to the Property in accordance with District rules and policy. User agrees to abide by District Ordinance No. 21/District Rule 148, adopted January 13, 1998 regarding meters, and to pay, in accordance with Ordinance 21/Rule 148, a charge for the installation of a water meter.

6. **SURFACE WATER USE.** In further consideration of participation in this surface water cost recovery program, during the Term, and for a period of fifteen (15) years from the Effective Date ("UseExtended Term"), User agrees to exclusively use surface water for irrigation on the Property; Provided that User may use groundwater when surface water is unavailable, or if surface water quality is incompatible with the operations on the Property with written concurrence of the District. Such written concurrence shall not be unreasonably withheld or delayed.

7. **SURFACE WATER AVAILABILITY AND QUALITY.** District does not warrant that there will be sufficient surface water available to User or the Property under this Agreement during the Term or any time thereafter. District agrees to make surface water available to User pursuant

to its rules and regulations, and on the same basis as all other agricultural surface water users within the District. District does not warrant the quality or quantity of water available.

8. **BINDING ON SUCCESSORS/RECORDING.** This Agreement is intended to bind the Parties as a covenant running with the land pursuant to California Civil Code Section 1468 and shall bind successive owners of the Property and the Water Rights for a period of fifteen (15) years from the Effective Date. A memorandum of this Agreement (EXHIBIT C) shall be recorded with the San Joaquin County Recorder's Office.

9. **NOTICES.** Any notice or communication required or permitted hereunder shall be in writing and shall be delivered personally, delivered by nationally recognized overnight courier service or sent by certified or registered mail, postage prepaid, or (if an email address is provided) sent by electronic transmission (subject to confirmation of such transmission). Any such notice or communication shall be deemed to have been given (i) when delivered, if personally delivered, (ii) one (1) Business Days after it is deposited with a nationally recognized overnight courier service, if sent by nationally recognized overnight courier service, (iii) the day of sending, if sent by email prior to 5:00 p.m. (PT) on any Business Day or the next succeeding Business Day if sent by email after 5:00 p.m. (PT) on any Business Day or on any day other than a Business Day or (iv) five (5) Business Days after the date of mailing, if mailed by certified or registered mail, postage prepaid, in each case, to the following address or email address, or to such other address or addresses as such Party may subsequently designate to the other Party by notice given hereunder:

District: Stockton East Water District
 Post Office Box 5157
 Stockton, California 95205-0157
 Phone: (209) 948-0333
 Email:

User: _____

 Phone:
 Email:

“**Business Day**” means any day other than a Saturday, Sunday or any other day on which banking institutions in the State of California are authorized by law or executive action to close.

10. **MISCELLANEOUS.**

A. Entire Agreement. This Agreement supersedes any prior agreement and contains the entire agreement of the Parties regarding the sale and amortization of surface water at a groundwater rate. No other agreement, statement, or promise made by any Party to any employee, officer, or agent of a party to this Agreement, or any other person, that is not in writing and signed by all of the parties to this Agreement shall be binding upon them. Any amendment, including oral modifications, must be reduced to writing and signed by both Parties, to be effective.

B. Waiver. Failure by either Party to enforce any covenant, restriction or other provision of this Agreement or to seek redress for the breach of or default in performance under any such covenant, restriction or other provision of this Agreement shall in no way constitute a waiver of the right to enforce such covenant, restriction or provision of this Agreement or seek redress for the breach thereof. The waiver by either Party of a breach of any provision of this Agreement shall not be deemed a continuing waiver or a waiver of any subsequent breach of the same or any other provision of this Agreement.

C. No Agency or Partnership. Nothing in this Agreement shall be deemed or construed by any person to create the relationship of principal and agent, or of limited or general partnership, or of joint venture, or of any other association between or among any of the parties. No part of this Agreement shall be construed as creating any rights in the general public, nor shall any part be deemed to be a gift or dedication for public use of any portion of the properties described in this Agreement.

D. Further Documents. Each Party shall, as often as reasonably requested, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further documents and instruments as may be necessary to carry out the intent and purpose of this Agreement.

E. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

F. Severability. In the event a court of competent jurisdiction determines any provision of this Agreement is void or unenforceable, such provision shall be deemed reformed so as to be valid or enforceable to the maximum extent possible, and the remaining provisions of this Agreement shall remain in full force and effect.

G. Authority. Each Party represents that its representatives executing this Agreement on their behalf have the binding authority to do so.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

USER

By: _____

Name: _____

DISTRICT

STOCKTON EAST WATER DISTRICT

By: _____
President

Attest: _____
Secretary

**EXHIBIT A
FACILITIES**

EXHIBIT B
LEGAL DESCRIPTION OF PROPERTY

EXHIBIT C
MEMORANDUM OF AGREEMENT

RECORDING REQUESTED BY, AND
WHEN RECORDED, RETURN TO:

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**MEMORANDUM OF
SURFACE WATER SALE AND AMORTIZATION AGREEMENT**

This MEMORANDUM OF SURFACE WATER SALE AND AMORTIZATION AGREEMENT ("**Memorandum**") is made this ____ day of _____ 20____ ("**Effective Date**") by and between STOCKTON EAST WATER DISTRICT, a political subdivision of the State of California ("**District**"), and _____, ("**User**"). District and User and each individually referred to in this Agreement as a "**Party**" and collectively as the "**Parties.**"

1. RECITALS

A. On the date hereof, the Parties entered into a SURFACE WATER SALE AND AMORTIZATION AGREEMENT ("**Agreement**") pursuant to which District agreed to sell User surface water pursuant to the District's water rights at a reduced rate for use on that real property in San Joaquin County more particularly described in attached **EXHIBIT A** ("**Property**").

B. The Parties desire to execute this Memorandum to provide constructive notice of the rights and obligations of the Parties under the Agreement to all third parties.

2. TERM. The Agreement grants User with the right to take surface water for irrigation on the Property for a period of up to seven (7) years, as set forth in the Agreement, commencing on the date of this Memorandum. The Agreement also imposes upon User an obligation to use surface water on the Property for irrigation for a period of fifteen (15) years from the date of this Memorandum, subject to certain exceptions, and subject to penalties for noncompliance, all as more particularly set forth in the Agreement.

3. RUNS WITH PROPERTY. The Agreement and the rights and obligations thereunder and with respect thereto, are intended to run with the Property and the surface water provided by District. The provisions of this Agreement shall be enforceable as equitable servitudes, covenants running with the land in any manner allowed by law, and shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns in the Property and the water rights held by District, or any part or portion of them.

2.4. AGREEMENT. The rights of the Parties are set forth in the Agreement, which is incorporated in this Memorandum by reference.

USER

By: _____

Name: _____

DISTRICT

STOCKTON EAST WATER DISTRICT

By: _____
President

Attest: _____
Secretary

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

STATE OF CALIFORNIA)
)
COUNTY OF SAN JOAQUIN)

On _____, 20____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ (Seal)

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

STATE OF CALIFORNIA)
)
COUNTY OF SAN JOAQUIN)

On _____, 20____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ (Seal)

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

STATE OF CALIFORNIA _____)
_____)
COUNTY OF SAN JOAQUIN _____)

On _____, 20____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ (Seal)

**EXHIBIT A TO MEMORANDUM OF SURFACE WATER SALE AND
AMORTIZATION AGREEMENT
LEGAL DESCRIPTION OF PROPERTY**

**LOAN AGREEMENT
FOR INSTALLATION OF SURFACE WATER FACILITIES
SECURED BY DEED OF TRUST**

THIS LOAN AGREEMENT FOR INSTALLATION OF SURFACE WATER FACILITIES SECURED BY DEED OF TRUST (“**Agreement**”) is entered into this ___ day of _____, 20__ by and between _____ (“**BORROWER**”) and STOCKTON EAST WATER DISTRICT, a political subdivision of the State of California (“**LENDER**”).

WHEREAS, LENDER has the obligation to properly manage the critically overdrafted Eastern San Joaquin County Ground Water Basin so as to prevent further overdraft, and therefore desires to encourage and facilitate the use of surface water; and

WHEREAS, BORROWER is the owner of certain real property located in San Joaquin County identified as assessor’s parcel number _____, comprised of ___ acres, more particularly described in the **EXHIBIT A**, attached hereto (“**Property**”); and

WHEREAS, LENDER is the holder of interests in the Property by virtue of its legal right to utilize the natural watercourse running through the Property for conveyance of surface waters, and by virtue of its legislative charge (Chapter 819 of the Statutes of 1971, as amended) to protect and restore the critically overdrafted Eastern San Joaquin County Ground Water Basin which underlies the Property; and

WHEREAS, BORROWER desires to install a surface water irrigation system on the Property more particularly detailed in **EXHIBIT B** attached hereto (“**Project**”) so as to better utilize surface water supplies; and

WHEREAS, LENDER has monies available that it desires to use as a loan fund for the installation of surface water facilities such as the Project; and

WHEREAS, BORROWER desires to obtain a loan from LENDER for purposes of financing the Project, and to grant LENDER security interests in certain property to secure payment of the obligations.

NOW, THEREFORE, the parties hereto agree as follows:

1. **LOAN.** LENDER hereby agrees to loan the principal sum of _____ Dollars (\$_____) (“**Principal Sum**”) to BORROWER for the sole purpose of funding the Project.

2. **REPAYMENT.** In consideration for such loan, BORROWER, hereby promises to pay to LENDER, or order, at 6767 East Main Street, Stockton, California, 95205, or any other place designated in a writing submitted by LENDER to BORROWER, the Principal Sum, plus interest at the rate _____ in five (5) equal annual installments from the date set forth above until sixty (60) months from such date.

3. **GRANT OF SECURITY INTEREST.** The Loan will be evidenced by a Promissory Note of even date herewith executed by the BORROWER in favor of the LENDER, or order in the form attached as **EXHIBIT C**. Repayment of the loan shall be secured by a Deed of Trust on the Property among Chicago Title Insurance Company, as Trustee, LENDER as Beneficiary, and BORROWER as Trustor in the same form as Chicago Title Deed of Trust with Assignment of Rents (Short Form) found at <https://www.chicagotitlelibrary.com/forms---documents.html>.

—4. **SURFACE WATER.** In further consideration of the loan made by LENDER, BORROWER agrees to use surface water for irrigation on the Property on which the Project is constructed; provided that BORROWER may use groundwater when surface water is unavailable, ~~or if surface water quality is incompatible with the Project upon written concurrence of LENDER.~~ Should BORROWER use groundwater on the Property when surface water is available, BORROWER shall be in default under the Note and Deed of Trust, and all amounts owing shall be immediately due and payable. In addition, BORROWER shall be required to pay the full amount of interest which would have or will accrue to the LENDER at the market rate, computed based upon the interest rate applicable as of the date the loan is immediately due and payable.

5. **TERM.** This Agreement shall commence upon execution and terminate upon expiration of the useful life of the Project, which the parties agree to be fifteen (15) years (“**Term**”). It is intended and acknowledged by the parties that the Term shall survive repayment of the Loan contemplated herein.

6. **REPRESENTATIONS AND WARRANTIES.** BORROWER represents and warrants to LENDER that so long as BORROWER has any unpaid indebtedness to LENDER, that the following shall be true:

A. The execution, delivery and performance of this Agreement do not cause BORROWER to be in breach of any agreement or undertaking to which BORROWER is a party or by which BORROWER or the Property may be bound or affected and do not cause any lien, charge or other encumbrance to be created or imposed upon the Property.

B. All statements and data submitted to LENDER are true, complete and correct, truly reflect the matters set forth therein as of the date thereof.

7. **AFFIRMATIVE COVENANTS.** BORROWER agrees that so long as BORROWER has any unpaid indebtedness or obligation to LENDER, contingent or otherwise, BORROWER will, unless LENDER otherwise consents in writing:

A. Insurance. Maintain and keep in force insurance on the Property and BORROWER’S operations of the types and in amounts customarily carried by entities in business similar to BORROWER’S, including without limitation, fire, public liability, property damage, business interruption and workers’ compensation insurance, and deliver to LENDER from time to time at LENDER’S request schedules setting forth all insurance then in effect.

11. MISCELLANEOUS.

A. No Waiver. No failure or delay on the part of LENDER in exercising any right or remedy under this agreement shall operate as a waiver thereof nor shall LENDER be estopped to exercise any such right or remedy at any future time because of any such failure or delay.

B. Binding on Successors and Assigns. This Agreement, and all of its terms, including, but not limited to, Section 4, is intended by both parties as a covenant running with the land pursuant to California Civil Code Section 1468 and shall bind successive owners of the real property described herein for the term of this Agreement; provided that BORROWER shall not assign this Agreement or any of the rights, duties or obligations of BORROWER under this Agreement without prior written notice to LENDER.

C. Entire Agreement. This Agreement represents the entire agreement of the parties with respect to the subject matter hereof. Covenant of Further Assurances. The Parties hereby agree to execute such other documents and perform such other acts as may be necessary to carry out the covenants contained in this Contract.

D. Governing Law. This Agreement, and all actions arising hereunder or relating hereto, shall be governed and construed and enforced in accordance with the laws of the State of California without giving effect to any choice or conflict of law provision or rule whether of the State of California or any other jurisdiction that would cause the application of the laws of any jurisdiction other than the State of California.

E. Interpretation. All Parties have been represented by counsel in the preparation and negotiation of this Agreement, and this Agreement is to be interpreted as if it were drafted by all and not anyone or more Parties.

F. Counterparts and Electronic Signatures. This Agreement may be executed in two or more counterparts and when so executed shall have the same force and effect as though all signatures appeared in one document. A facsimile or electronic version of this Agreement shall be considered an original signature of this Agreement for all purposes.

G. Authority. Each individual executing this Agreement represents and warrants to the other Party that their execution and delivery of this Agreement and all related documents on behalf of the party for whom they are signing has been duly authorized.

H. Partial Invalidity. If any term or provision of this Agreement is, to any extent, invalid or unenforceable, the remainder of this Agreement will not be affected thereby, and each such term and provision of this Agreement will be valid and be enforced to the fullest extent permitted by law.

I. Successors and Assigns. This Agreement is binding upon and inures to the benefit of the successors and assigns of the parties hereto.

J. Time is of the Essence. Time is of the essence in this Agreement.

Executed as of the date first set forth above.

“LENDER”

STOCKTON EAST WATER DISTRICT, a
Political subdivision of the State of California

By: _____
President

ATTEST:

Secretary

“BORROWER”

By: _____

EXHIBIT A
DESCRIPTION OF PROPERTY

EXHIBIT B
DESCRIPTION OF FACILITIES INSTALLED

EXHIBIT C
PROMISSORY NOTE SECURED BY DEED OF TRUST

\$ _____ Stockton, California _____, 20__

FOR VALUE RECEIVED, the undersigned, _____ (“**Maker**”), promises to pay to the order of STOCKTON EAST WATER DISTRICT (“**Holder**”) at 6767 East Main Street, Stockton, California, 95205, or such other place as the Holder hereof may from time to time designate in writing, the principal sum of _____ and 00/100 Dollars (\$ _____) with interest accruing on the unpaid principal balance at the rate of _____% from the date of this Note. Principal and interest due in five (5) annual installments of _____ and __/100 Dollars (\$ _____), or more, on the same day of each and every year beginning one year from execution of this Note, with any remaining balance due and owing five years from said date.

At any time, the privilege is reserved to pay more than the sum due. Each payment shall be credited first on interest then due; and the remainder on principal; and the interest shall thereupon cease upon the principal so credited. Should default be made in payment of any installment of principal and interest, the whole sum of principal and interest shall, at the option of the holder of this note, become immediately due. Principal and interest payable in lawful money of the United States. If action be instituted on this note, the undersigned promises to pay such sum as the Court may adjudge as attorney's fees. This note is secured by a DEED OF TRUST to CHICAGO TITLE COMPANY, a California corporation, as Trustee. This Note is given under the terms of a written Loan Agreement for Installation of Surface Water Facilities of even date herewith and reference is made to that agreement for the rights and obligations of the Maker and the Holder of this Note.

This Note shall be the joint and several obligation of all makers, sureties, guarantors, and endorsers, and shall be binding upon them, and their heirs, personal representatives, successors and assigns.

IN WITNESS WHEREOF, the undersigned have executed this instrument at Stockton, California.

By: _____

**EXHIBIT D
DEED OF TRUST**

**EXHIBIT E
MEMORANDUM OF AGREEMENT**

RECORDING REQUESTED BY, AND
WHEN RECORDED, RETURN TO:

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**MEMORANDUM OF LOAN AGREEMENT FOR INSTALLATION
OF SURFACE WATER FACILITIES SECURED BY DEED OF TRUST**

This MEMORANDUM OF LOAN AGREEMENT FOR INSTALLATION OF SURFACE WATER FACILITIES SECURED BY DEED OF TRUST ("**Memorandum**") is made this _____ day of _____ 20__ ("**Effective Date**") by and between STOCKTON EAST WATER DISTRICT, a political subdivision of the State of California ("**District**"), and _____, ("**Borrower**"). District and Borrower and each individually referred to in this Agreement as a "**Party**" and collectively as the "**Parties**."

1. RECITALS

A. On the date hereof, the Parties entered into a LOAN AGREEMENT FOR INSTALLATION OF SURFACE WATER FACILITIES SECURED BY DEED OF TRUST ("**Agreement**") pursuant to which District agreed to loan funds to Borrower to install surface water facilities on that real property in San Joaquin County more particularly described in attached **EXHIBIT A** ("**Property**").

B. The Parties desire to execute this Memorandum to provide constructive notice of the rights and obligations of the Parties under the Agreement to all third parties.

2. **TERM.** The Agreement imposes upon Borrower the obligation to repay any and all loan amounts within a period of five (5) years. The Agreement also imposes upon Borrower an obligation to use surface water on the Property for irrigation for a period of fifteen (15) years from the date of this Memorandum, subject to certain exceptions, and subject to penalties for noncompliance, all as more particularly set forth in the Agreement.

3. **RUNS WITH PROPERTY.** The Agreement and the rights and obligations thereunder and with respect thereto, are intended to run with the Property and the surface water provided by District. The provisions of the Agreement are enforceable as equitable servitudes, covenants running with the land in any manner allowed by law, and shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns in the Property and the water rights held by District, or any part or portion of them.

4. **AGREEMENT.** The rights of the Parties are set forth in the Agreement, which is incorporated in this Memorandum by reference.

BORROWER

By: _____

Name: _____

DISTRICT

STOCKTON EAST WATER DISTRICT

By: _____
President

Attest: _____
Secretary

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

STATE OF CALIFORNIA)
)
COUNTY OF SAN JOAQUIN)

On _____, 20__, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ (Seal)

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

STATE OF CALIFORNIA)
)
COUNTY OF SAN JOAQUIN)

On _____, 20__, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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WITNESS my hand and official seal.

Signature _____ (Seal)

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STATE OF CALIFORNIA)
)
COUNTY OF SAN JOAQUIN)

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

WITNESS my hand and official seal.

Signature _____ (Seal)

**EXHIBIT A TO MEMORANDUM
LEGAL DESCRIPTION OF PROPERTY**

Memorandum

To: Agricultural Committee
From: Justin M. Hopkins – General Manager
Juan M. Vega – Assistant General Manager
Date: April 6, 2023
Re: NSJWCD and SEWD Boundary Adjustment

Background

In early 2022, as part of the work North San Joaquin Water Conservation District (NSJWCD) was doing to firm up their groundwater charge, they discovered a possible issue with the boundaries of several parcels along the border with Stockton East Water District (District). A total of eight parcels were identified as being bisected by the northern border of the District which is shared by the southern border of NSJWCD as Seen in **Figure 1 and Figure 2**.

Summary

After the issue was identified, Staff reached out to the owners of the parcels to get their input and preference on which of the two districts they would like to be a part of. The premise on getting input arose from guidance from the San Joaquin County Local Agency Formation Commission (LAFCO), which delineated that if the landowner and a district agreed, the parcel could be more easily integrated into the district in question.

Staff made several calls and reached out via e-mail to all the landowners and after several weeks was able to get an answer on preference from all of the involved parties. Staff desired to get all answers before proceeding to the next step, so that it would only be one process for all the parcels. The final answer was received March 31, 2023. All of the landowners expressed their desire to be a part of the Stockton East Water District.

Financial Impact

There is no anticipated impact beyond the cost of Staff time to complete the necessary steps.

Recommendations

Staff respectfully recommends the Agricultural Committee recommend to the full Board of Directors for Staff to proceed with the LAFCO process to fully integrate the parcels in question into the Stockton East Water District boundaries.

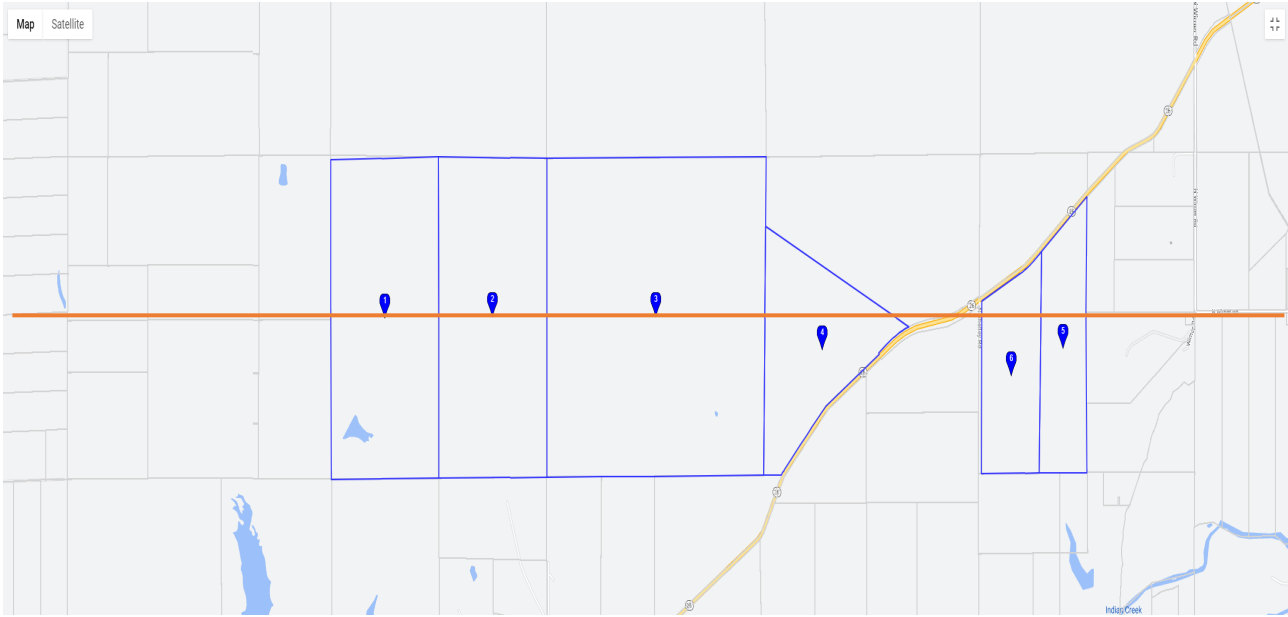


Figure 1.

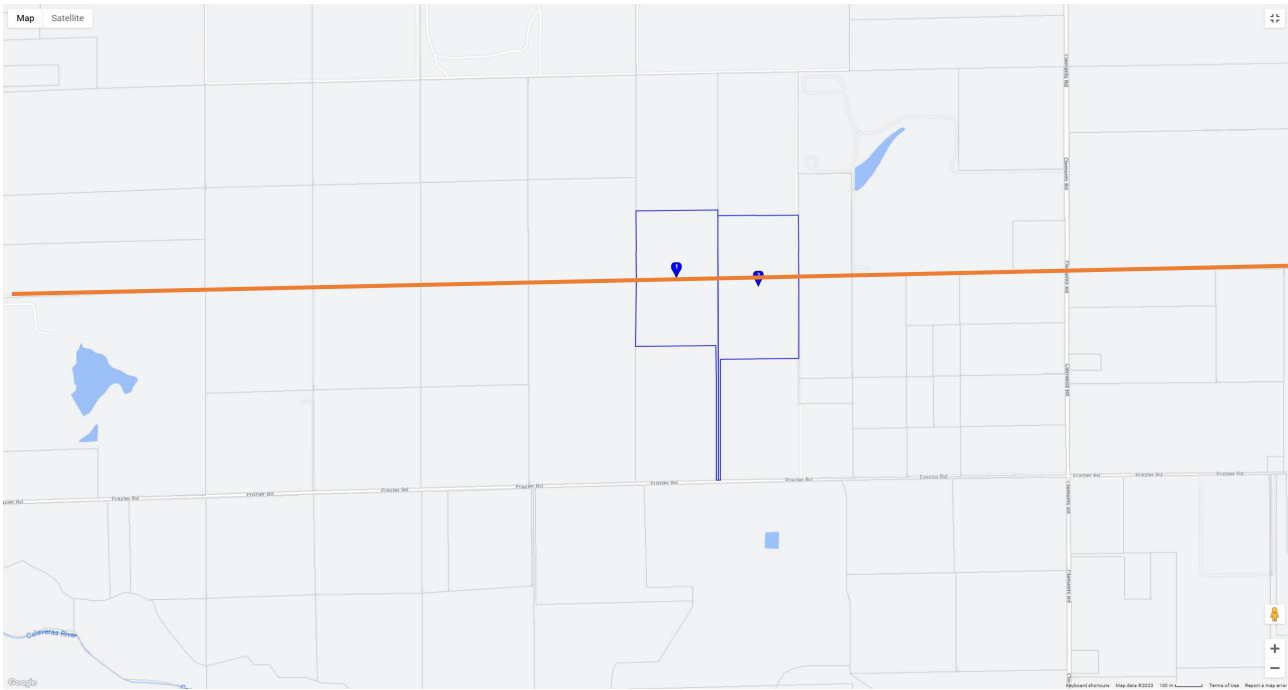


Figure 2.