



**STOCKTON
EAST WATER
DISTRICT**

PROVIDING SERVICE SINCE 1948
www.sewd.net

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Andrew Watkins
Vice President
Division 2

Alvin Cortopassi
Division 3

Melvin Panizza
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MEETING NOTICE

The Agriculture Operations Committee
Of the Stockton East Water District
Board of Directors will meet at
12:00 Noon on Wednesday, June 19, 2019
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 Kristin Carido, Administrative Services Manager at (209) 948-0333 for assistance so the necessary arrangements can be made.

AGENDA

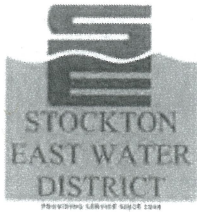
1. Roll Call – Chairperson Cortopassi, Director Atkins, Director Watkins, Director Sanguinetti (Alternate)
2. Public Comment
3. Agricultural Meter Presentation
4. Surface Water Incentives – Encouraging the Use of Surface Water Policy
 - a. Establishing Program Incentives for Encouraging the Use of Surface Water 01
 - b. Draft Surface Water Sale and Amortization Agreement 05
5. Adjournment

Certification of Posting

I hereby certify that on June 14, 2019 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 June 14, 2019.

Kristin Carido
Administrative Services 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.



STOCKTON EAST WATER DISTRICT Policy Manual

DRAFT

No. 3085

Establishing Program Incentives for Encouraging the Use of Surface Water

ADOPTED:

May 21, 2019

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A. Purpose

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 (GSAs) 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.

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 for customer use of the District's surface water supply. 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. The Board of Directors will review this Policy on an annual basis; and, at their sole discretion has the right to amend this Policy at any time.

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B. Surface Water Application Process

1. District Application. All potential surface water customers must submit a written surface water application ("**Application**") to the District prior to installation, modification or replacement of surface water diversion infrastructure. Upon receipt and review of the submitted Application, staff will contact the customer. **Attachment 1**

The Application submitted to the District must include 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 infrastructure on a District template.

The Application will be presented to the Board of Directors for review. All customers applying to receive incentive through this Policy must receive approval from the Board of Directors prior to installation of new infrastructure and/or replacing existing surface water infrastructure.

All new or replaced meter infrastructure will be billed in accordance with applicable District Rule(s) and Ordinance(s). 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. 120

District Rule No. 131

2. Permits and District Provided Services. Customer shall be required to comply obtain and comply with, and the District will assist the customer to apply for, any permits required for surface water diversion improvements, 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). The customers will be required to pay all permitting fees (a minimum of \$6,000 in 2014) 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 customer is required to pay for any additional studies charged by District consultants.

While customer will pay for any and all direct costs, the District will provide assistance (i.e., indirect costs), at no cost to the customer, based upon that customer's commitment to use surface water.

Below 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 for assistance as required during the permitting process.
- Surveys related to Record of Survey, Survey Map, or Legal Descriptions charged by a land surveyor.
- Encroachment permits from third parties (i.e., state or county).

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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. **Attachment 2**
- ~~Assist/provide easement forms or other right-of-way documents if property does not abut the natural water course. (Indirect cost)~~
- Preparation of minor California Environmental Quality Act (CEQA) documentation, if required.
- Provide limited legal assistance to complete, notarize and record 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

1. Cost Recovery. The purpose of this Program is to allow landowners within the District to recover all or part of the cost of initial surface water diversion installation by receiving low-cost water from the District. The customer is responsible for installing improvements at their own cost in accordance with this Policy. In order to receive incentives from this Program for diverting surface water, the customer must enter into a written Surface Water Sale & Amortization Agreement in which it agrees to use only surface water when available for all future irrigation on the property upon which the improvements were constructed. The form of Agreement is Attachment 3 ("Agreement"). The Agreement terminates upon full repayment of the installation costs in accordance with the Policy. The following list describes the cost recovery guidelines:
 - This Program applies to all or part of the pre-approved installation costs of new improvements only.
 - The use of surface water is subsidized only until the cost of installation has been amortized, a maximum of seven (7) years. After seven (7) years, or once the Landowner's costs are recovered, whichever comes first, the Landowner will be charged the then going surface water rate.
 - The District encourages customers 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, this Policy will apply only to that portion of the new improvement costs not covered by funding received from other agency or entities. This will be considered through the pre-approval process.
 - The District will apply penalties for use of groundwater when surface water is

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available for the landowner. The penalty will be ten (10) times the amount of the then going groundwater rate.

- If at any time the Landowner cannot use the available surface water supply, the Landowner must give notice to the District and receive authorization before changing water supply operations from surface water to groundwater sources.
- Upon execution by both parties (Stockton East Water District and the Landowner), the Agreement will be recorded with the County in which the property is located.

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

This Surface Water Sale And Amortization Agreement ("Agreement") is made this ____ day of _____ 2019, by and between Stockton East Water District, a political subdivision of the State of California ("District"), and _____, ("User").

RECITALS

WHEREAS, District adopted a policy on July 20, 1993 to encourage the construction of physical facilities which makes possible the use of surface water for irrigation within the service area of the District; and

WHEREAS, this Agreement implements that 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; and

WHEREAS, User has indicated the feasibility of constructing physical facilities to make water available to User's land as described in this Agreement; and

WHEREAS, District has verified the cost for construction of physical facilities as submitted by User; and

WHEREAS, by this Agreement, User is permitted to receive surface water at District's groundwater rate until such time as User's actual cost for construction of physical facilities, as evidenced by invoices submitted by User, has been amortized.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Agreement. District agrees to sell to User surface water available to User through the physical facilities installed by User, to be used for irrigation on User's property, consisting of Assessor's Parcel _____ consisting of approximately _____(_____) acres of irrigable land, as shown on Exhibit "A" ("Property") on the terms and conditions of this Agreement.
2. Purchase Price. During the term of this Agreement, the price to be paid by User for surface water delivered by District to the Property pursuant to this Agreement shall be the groundwater assessment established by the District in the year the water is received (\$5.36 per acre-foot for the 2019 irrigation season, and changeable on an annual basis), as opposed to the applicable surface water rate.
3. Term of Agreement. The obligation imposed by this Agreement shall become effective on the date of execution of this Agreement as the User has completed installation of the physical facilities, and the District has verified such completion. This Agreement will continue in effect until the cost savings 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) equals \$ _____ (_____ dollars and _____ cents), or seven (7)

years, whichever comes first. Upon termination of this Agreement any and all surface water provided by District to User shall be at the applicable surface water rate.

4. Evidence of User's Costs. User has submitted to District copies of all invoices, receipts and other evidence of payment by User for the cost of construction of the physical facilities. District and User agree that the total cost to be amortized pursuant to this Agreement for the facilities installed shall be \$_____ (_____dollars and _____cents), which includes only the total actual cost of the new 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.
5. Water Measurement. The District has installed a water meter to measure the rate of surface water applied by User to User's land. User agrees to abide by District Rule 148, adopted January 13, 1998 regarding meters, and to pay, in accordance with Rule 148, a charge for the installation of a water meter pursuant to this section.
6. Surface Water. In further consideration of participation in this surface water cost recovery program, User agrees to use surface water on the property which is served by this Agreement for a period of time equal to recover the costs herein ("Recovery Period") and an additional period of time at least equal to the Recovery Period. 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. Should the District deny written concurrence upon request of the User, this agreement shall terminate and the user shall have the option to utilize groundwater on the property at ten (10) times the amount of the then applicable groundwater charge. Further, any additional surface water used shall be charged at the then applicable surface water rate.
7. Notices. Any notices and demands as required by this Agreement shall be given in writing, personally, by reputable delivery service, or by mail, registered or certified, postage prepaid, return receipt requested. Notice shall be considered given when mailed, if by mail, when received if given by other means. Notices shall be addressed as appears below for the respective party.

District: Stockton East Water District
Post Office Box 5157
Stockton, California 95205-0157

User: _____

8. 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.

9. Waiver. The waiver by one party of the performance of any covenants, conditions or promises shall not invalidate this Agreement, nor shall it be considered a waiver by that party of any other covenant, condition, or promise.

"USER"

For: _____

"DISTRICT":

STOCKTON EAST WATER DISTRICT

By

Melvin Panizza, President

Attest:

Scot A. Moody, Secretary

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