



**STOCKTON
EAST WATER
DISTRICT**

PROVIDING SERVICE SINCE 1948

www.sewd.net

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MEETING NOTICE

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

11:00 a.m. on Monday, February 5, 2024

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. Stockton East Water District – Water Supply Master Plan Workshop
4. Stockton East Water District – Securing District Right-of-Way Policy Memo
 - a. Proposed Rule 176 – Securing Right-of-Way for District Interests
5. Stockton East Water District – On-Farm Recharge Policy Memo
 - a. Proposed Rule 177 – Establishing a Policy For On-Farm Recharge Of Surface Water
6. Adjournment

Certification of Posting

I hereby certify that on January 31, 2024 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 January 31, 2024.

Priya Ram, Finance Director
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.

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Water Supply Master Plan and 20-Year Capital Improvement Plan

Stockton East Water District



Task 2 Agricultural Committee Workshop Agenda

5 Feb-24

11:00 am to 1:00 pm

1. Workshop Objective
2. SEWD Goals and Objectives
3. Water Supply Master Plan and 20-year CIP Overview
4. Existing State of SEWD
5. Issues and Strategies
6. Projects and Preliminary Alternatives
7. Next Steps

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Memorandum

To: Agricultural Operations Committee
From: Justin Hopkins – General Manager
Date: February 05, 2024
Re: Securing District Right-of-Way Policy

Background

Stockton East Water District (District) is located within the critically overdraft Eastern San Joaquin Groundwater Subbasin. Modeling performed to inform the Eastern San Joaquin Groundwater Sustainability Plan (GSP) indicates that groundwater sustainability cannot be achieved by 2040 through implementation of the current project management actions, if the climate change scenario is correct. To ensure groundwater sustainability by 2040 under the climate change scenario, additional project management actions are necessary.

To assist with development of additional project management actions, the District formed a recharge ad-hoc committee to discuss various new recharge projects and identify the most feasible. The ad-hoc committee concluded that up to three new pipelines from the Calaveras River and a new distribution system supplied with Mokelumne River water were the best projects to progress forward. The projects will attempt to use the existing Linden Irrigation District right-of-way but will need to secure some new right-of-way.

Also related to District efforts to reach groundwater sustainability, staff have met with several landowners to discuss the use of surface water in lieu of groundwater. Two landowners are interested in converting to surface water but lack direct access to the District's waterways and require an easement through neighboring property(ies). Thus far, right-of-way negotiations between the private parties are failing to progress.

Summary

The District does not currently have a policy related to the procurement of right-of-way necessary for the District's projects, operations, etc. As such, right-of-way negotiation can be an arduous and lengthy process, requiring Board direction at each step of the process for each landowner providing right-of-way. In some instances, the landowners are unwilling to provide right-of-way by either requesting unreasonable compensation or failing to engage.

With the potential need to secure District right-of-way for future projects and the known need of right-of-way for private projects related to the District's mission, staff propose Rule 176 – Securing Right-of-Way for District Interests. The proposed rule will provide staff with the guidance and boundaries necessary to substantially negotiate right-of-way acquisition prior to presenting an agreement to the Board of Directors (Board). As outlined in the proposed rule, the Board retains ultimate approval authority, up to and including deviation from the policy.

The proposed rule also identifies the District's authority to procure right-of-way through eminent domain, thereby providing negotiating transparency to the other negotiating party(ies). Through the eminent domain process, the District can secure right-of-way from

unwilling negotiators. The proposed policy further reserves the District's right to allow private parties access to the right-of-way for projects that align with the District's interest. This provision will help landowners seeking access to surface water and unable to secure right-of-way.

Financial Impacts

The proposed rule is expected to have negligible fiscal impact. Any right-of-way agreement approved by the Board after the rule would likely be identical to any right-of-way agreement approved without the rule. The only potential fiscal impact are the charges incurred by the District for legal fees, appraisal costs, surveyor consultation, and documentation related fees. Historically the District has provided compensation for real property owner legal fees, paid for surveyor consultation expenses, and paid documentation related fees.

Next Steps

Staff are seeking committee a recommendation to present Rule 176 to the full Board of Directors for approval.

RULE NO. 176

ADOPTED _____

SECURING RIGHT-OF-WAY FOR DISTRICT INTERESTS

WHEREAS, the California Legislature established the Stockton East Water District (district) in 1948 under the District Act (Act), which authorizes the Board of Directors (Board) to make such rules and regulations as it deems necessary and proper for carrying out the provisions of the Act; and,

WHEREAS, the district was established to insure proper management of the underground water basin and provide supplemental surface water supplies, and is located within the critically overdrafted Eastern San Joaquin Groundwater Subbasin, which must achieve groundwater sustainability by 2040 through management actions to correct groundwater overdraft, as identified within the 2014 Sustainable Groundwater Management Act and the Eastern San Joaquin Groundwater Sustainability Plan; and,

WHEREAS, the district and district customers must construct new facilities from time to time to facilitate the increased use of surface water and other projects necessary to achieve groundwater sustainability; and,

WHEREAS, the Board of Directors desires to establish a formal policy to identify the means and methods for securing right-of-way; and,

WHEREAS, the purpose of this Rule is to state the district's policy for securing right-of-way for the installation of new or modified facilities, or to provide access to new and existing facilities, both public and private, that benefit the district's mission and interests.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF STOCKTON EAST WATER DISTRICT HEREBY ENACTS AND ESTABLISHES RULE NO. 176:

1. All negotiated rights-of-way must be discussed with and approved by the Board prior to the district making a formal offer. Staff have no authority to finalize negotiations or bind the Board; any agreements, both written and verbal, between staff and other negotiating parties are invalid until authorized by the Board.
2. If a successful written agreement is reached, the district will bear all costs associated with preparing the right-of-way documents, including but not limited to agreements, district legal fees, real property owner legal fees up to 10% of the right-of-way value, appraisals, legal descriptions, exhibits, notary fees, and document recording costs.
3. The staff of Stockton East Water District shall negotiate in good faith with landowners to secure any new right-of-way reasonably needed for the construction, maintenance, operation, and/or reconstruction of new and existing facilities, or for private facilities that advance the district's interests. Staff shall work with landowners in an attempt to secure right-of-way through the most cost effective means available, which may include but is not limited to: in addition to or in lieu of

cash payments, on-site improvements, access or connection to facilities, district services, and/or monetary compensation.

4. To ensure just compensation to real property owners and prudent management of the public's money, any proposed right-of-way purchase amount may be accompanied by an appraisal from a third-party, qualified appraiser. Compensation shall be calculated at the appraised land value or other applicable methods per acre times the number of acres encompassed by the right-of-way, and subject to the following:
 - a. Appraisals or comparable sales must be dated within six (6) months of approval of the agreement, unless the negotiating parties agree, in writing, to use an older appraisal.
 - b. Purchases of entire parcels shall be made at the appraised value rather than a per acre rate.
 - c. The district shall not pay more than the calculated land value for fee title right-of-way dedicated through a grant deed and not more than a reasonable, proportional amount for an exclusive easement.
5. Pursuant to the Brown Act (Gov. Code §54956.8), negotiations for real property may occur during closed session until the negotiating parties reach consensus. Upon consensus, district staff will recommend to the Board approval of a right-of-way agreement at a Board meeting. Staff will notify the real property owner of the proposed recommendation(s) so that the owner may appear and comment at the meeting in which the Board will hear that recommendation.
6. In the event that the negotiating parties are unable to reach a consensus, the district shall secure right-of-way through eminent domain, as authorized to do so under Section 5(h) of the Act.
7. The district reserves the right to allow private parties to access any district secured right-of-way in accordance with law, so long as the private parties' use of the right-of-way aligns with the district's interests and the use of such facilitates the construction and/or maintenance of private facilities that further the district's mission.

Memorandum

To: Agricultural Operations Committee
From: Justin Hopkins – General Manager
Date: February 05, 2024
Re: On-Farm Recharge Policy

Background

Stockton East Water District (District) is located within the critically overdraft Eastern San Joaquin Groundwater Subbasin. Modeling performed to inform the Eastern San Joaquin Groundwater Sustainability Plan (GSP) indicates that groundwater sustainability cannot be achieved by 2040 through implementation of the current project management actions, if the climate change scenario is correct. To ensure groundwater sustainability by 2040 under the climate change scenario, additional project management actions are necessary.

In 2002 the District applied for a water right to the State Water Resources Control Board to allow for diversion of stormwater runoff flows from the Calaveras River between November 1 and April 30, to help support groundwater sustainability. The original application requested 288,000 acre-feet (AF) annually at a maximum diversion rate of 800 cubic-feet-per-second (CFS) and subsequently supported by the infeasible Water Supply Enhancement Project (WSEP). Through an ad-hoc Recharge Committee and collaboration between staff, legal counsel, and consultants, a revised WSEP scope was developed to reduce the diversion volume to 110,000 AF annually at a maximum diversion rate of 500 CFS.

Summary

The revised WSEP scope proposes to use existing and new infrastructure constructed to provide surface water supplies for agricultural irrigation, drinking water, and/or groundwater banking. Although many facilities currently exist, the use of existing facilities towards perfecting the District's water right application has not substantially occurred. This is partially due to growers' operational costs to pump surface water onto their land and no corresponding benefit to growers. To offset the inequity, staff propose to establish a District Rule incentivizing the on-farm recharge of stormwater runoff flows.

Proposed Rule 177 would establish two incentive programs:

1. One program would apply to growers that are required to lift water from the waterway for application to the field through the use of a pump. To offset pumping costs estimated by District customers, the program would provide compensation of \$80 per acre-foot of measured net recharge.
2. The second program would apply to growers that are able to apply water to their land(s) by gravity and without the use of a pump. The program would provide rechargers compensation of \$25 per acre-foot of measured net recharge.

Both programs would also provide the recharger with a groundwater credit that may be applied to any land owned by the grower. The groundwater credit will be equal to 50% of the measured net recharge.

The Rule proposes to apply compensation/credit to the following year's water bill from the District. Compensation will be applied as a credit to the progress and final bills, with any remaining balance being refunded to the customer after final billing. The groundwater credit will be applied to the following year's groundwater pumping volume for all of the customer's parcels. Any remaining credit balance will be refunded to the customer at the current groundwater rate.

Financial Impacts

With use of existing infrastructure, the maximum estimated recharge potential is 21,000AF of lifted recharge and 360AF of gravity recharge. The corresponding potential cost of the programs is \$1,689,000 $[(21,000AF \times \$80/AF) + (360AF \times \$25/AF)]$ in compensation and \$131,364 $(21,360AF \times \$6.15/AF)$ of reduced revenue from groundwater credit, resulting in a total cost of \$1,820,364. At full buildout of the District's planned in-lieu recharge, groundwater banking, and Bellota Pipeline replacement projects, the estimated recharge ratio is 22,000AF of lifted recharge and 88,000AF of gravity recharge. The corresponding potential cost of the programs at maximum use of the Calaveras River water right is \$4,565,500; not accounting for increases in the groundwater fee.

To offset the cost of the program, staff propose to increase the groundwater fee, since the groundwater customers are the primary beneficiaries of the program. At the current annual groundwater use volume of 135,000AF, the current groundwater rate of \$6.15/AF would need to increase by \$15.85/AF, for a total groundwater cost of \$22/AF.

Staff thinks the program will become unsustainable as more acreage within the District is provided access to surface water. As new in-lieu recharge and groundwater banking facilities are constructed, the Board of Directors (Board) will need to evaluate modification to the program terms or termination of the program.

Next Steps

Staff are seeking committee feedback on proposed Rule 177 and further direction, up to and including recommendation for Board consideration.

RULE NO. 177

ADOPTED _____

ESTABLISHING A POLICY FOR ON-FARM RECHARGE OF SURFACE WATER

WHEREAS, the California legislature established the Stockton East Water District (district) in 1948 to insure 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 diversions instead of pumping groundwater for the benefit of the groundwater basin. By providing surface water for agricultural irrigation, the district supports a reliable water supply for a San Joaquin County's agricultural industry that is the area's leading economic activity; and,

WHEREAS, the district is located within the critically overdraft Eastern San Joaquin Groundwater Subbasin, which must achieve groundwater sustainability by 2040 through management actions to correct an average annual overdraft of 37,000 acre-feet, as identified with the 2014 Sustainable Groundwater Management Act and the Eastern San Joaquin Groundwater Sustainability Plan; and,

WHEREAS, the district has applied for multiple water rights on the Calaveras River and Littlejohns Creek to divert storm flows to underground storage between November 1 and April 30, and the district has identified a need to progress towards perfecting the water right applications, but lacks sufficient infrastructure to fully enjoy available supplies without development of additional diversion facilities; and,

WHEREAS, the district holds contracts for water on the Calaveras and Stanislaus Rivers and wishes to maximize use of those water rights for diversion to underground storage; and,

WHEREAS, the State of California allows the diversion of certain flood flows without a water right permit as detailed in Water Code Section 1242.1, and the district wishes to encourage the diversion of such water; and,

WHEREAS, the Board of Directors desires to establish a formal policy to encourage the diversion of available water to underground storage by adopting a Rule, as authorized by the District Act (Act), which allows the Board of Directors to adopt Rules and Regulations as it deems necessary and proper for carrying out provisions of the Act; and,

WHEREAS, the purpose of this Rule is to state the district's policy of encouraging the diversion of non-irrigation season flows described above ("Recharge Water") to underground storage for offsetting pumping of groundwater.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF STOCKTON EAST WATER DISTRICT HEREBY ENACTS AND ESTABLISHES RULE NO. 177:

1. Any landowner proposing to divert Recharge Water pursuant to this Rule shall only do so through a district approved, metered surface water diversion facility and all customer accounts must be in good standing with the district.
2. An intent to divert Recharge Water form must be submitted to the district annually to participate in the program, and the District will notify participants when Recharge Water is available pursuant to this Rule.
3. The district will cover all direct and indirect costs for flow modeling and forecasting,

California Environmental Quality Act (CEQA) compliance, water right permit fees, and any consultant support necessary to facilitate approval of Recharge Water diversion.

4. The landowner is responsible for all costs related to operation and maintenance of the surface water diversion facility. Related costs include, but are not limited to, power, equipment maintenance, operation personnel, repairs, land lease, and any other related cost incurred through the typical operation of a surface water diversion facility and irrigation system.
5. The district may require a field drain flow measurement device depending upon a property's topography, soil profile, and method of recharge. The device will be used to verify Recharge Water is not leaving the property and re-entering the drainage watercourse(s).
6. Recharge Water may be applied for recharge by any acceptable means, including flood irrigation, above ground or subsurface irrigation, leach system, or dry well.
7. INCENTIVE PROGRAMS – Two programs are available for agricultural water users within the district to incentive the diversion of Recharge Water. The two programs each provide the landowner compensation for on-farm recharge of surface water annually between November 1 and April 30 or the beginning of the irrigation season; whichever occurs first.
 - a) Lifted Diversions. Landowners will receive payment of \$80 per acre-foot of measured net recharge and a groundwater credit equal to 50% of the measured net recharged volume. For example, if 100 acre-feet are recharged, the landowner will receive a 50 acre-feet groundwater credit and the district will benefit by 50 acre-feet.
 - b) Gravity Diversions. Landowners will receive payment of \$25 per acre-foot of measured net recharge and a groundwater credit equal to 50% of the measured net recharged volume. For example, if 100 acre-feet are recharged, the landowner will receive a 50 acre-feet groundwater credit and the district will benefit by 50 acre-feet.
8. LIMITATIONS – Both programs are subject to the following limitations of use.
 - a) Application of Recharge Compensation. Landowners will receive compensation as described in Section 7 in the form of a credit applied to the following year's water bill. Any applied credit balance remaining after Final Billing will be refunded to the landowner.
 - b) Use of Recharge Credit. The landowner will receive a groundwater credit equal to the net recharged volume. The volumetric credit may be applied to any other parcel(s) owned or leased by the recharger and will apply as a volumetric credit to groundwater pumped for irrigation during the following irrigation season. Any applied credit balance remaining after Final Billing will be refunded to the landowner at the current groundwater rate.
 - b.) Unauthorized Diversion. Diversions of Recharge Water to underground storage shall occur only after notice by the District, and in accordance with this Rule. Any volume of water diverted without authorization shall be charged to the diverter at the current surface water rate and no recharge credit shall apply.