

**PETITION FOR THE FORMATION OF
IMPROVEMENT DISTRICT NO. 3, TO BE KNOWN AS
THE SOUTH WATER USERS IMPROVEMENT DISTRICT**

TO THE HONORABLE BOARD OF DIRECTORS OF THE NORTH SAN JOAQUIN WATER CONSERVATION DISTRICT:

1. PETITION. We, the undersigned, hereby petition for the formation of an improvement district within the North San Joaquin Water Conservation District (District) to provide for the construction of the South System Surface Water Project (Project), and for the levying of an assessment on the lands within the improvement district. We certify that we represent all of the holders of title or evidence of title of all the tracts of land situated within the boundaries of the proposed improvement district.

2. PLANS: The plans of the proposed improvement and the purposes of the proposed improvement district (ID No. 3) are as follows:

- a. The District plans to construct a new South System Pump Station and rehabilitate or replace valves in the South System pipeline, and make necessary repairs to the pipeline, at a cost of approximately \$3 to \$3.5 million. The District has approximately \$1.7 million in funding for this project. The District sought to obtain the remaining funding needed from an assessment on all irrigated lands in Improvement District No. 2, however the assessment failed the Proposition 218 ballot proceeding.
- b. The undersigned landowners represent a sub-set of the landowners in Improvement District No 2., who are willing to agree to assess themselves \$50.00 per acre for ten years to fund the balance of the cost to complete the new South System Pump Station, and to make repairs to the South conveyance system, such that the South System can be used to deliver non-pressurized surface water to the undersigned landowners on the terms and conditions set forth below.

3. INCLUDED LANDS:

- a. At least 2,500 acres of lands must sign this Petition to move forward with the formation of ID No. 3. Additional acres may elect to join ID No. 3 provided:
 1. The total acreage in ID No. 3 does not exceed 4,000 acres; AND
 2. Any acreage that joins pays a connection fee equal to the acreage assessment imposed for all prior years [for example, if 10 acres joins after three years of assessments have been levied, the connection fee is $\$50 \times 3 \text{ yrs} \times 10 \text{ acres} = \$1,500$] plus interest on the prior assessments at the same rate paid by the District for any borrowed funds for the Project;

AND

3. The District will annually revise the boundary of ID No. 3 to add any additional acres that meet this criteria, and the newly added landowners will consent in writing to joining the ID, paying the assessments, and having the assessments be a lien on their real property and security for financing for the Project improvements financed by any lending institutions as allowed by law.
4. ASSESSMENTS:
 - a. Lien. The undersigned acknowledge that the assessment is a lien on their real property and may be used as security for the financing for the Project.
 - b. Initial Assessment. The initial assessment shall be \$50.00 per acre per year for ten years. The assessment shall be used only for the new South System Pump Station, and repairs or replacement of the valves and pipeline facilities associated with the South System to enable the District to delivery surface water through the system. The assessment shall not be used to fund any other projects of the District or to fund other operation and maintenance expenses of the District. If the Initial Assessment is insufficient to complete the Pump Station and necessary repairs, the landowners may consider a future assessment as described below. If the Initial Assessment raises surplus funds, the surplus shall be held in a designated reserve account for South System repairs or improvements.
 - c. Future Assessments. The landowners may approve additional future assessments with a majority vote, with votes weighted based on proportional financial obligation (one acre one vote).
3. PRIORITY.
 - a. The District shall provide Landowners in ID No. 3 with a first priority to access and use surface water available to the District on the South System, under the District's water right Permit 10477, on their acreage in ID No. 3 for irrigation purposes.
 - b. To the extent the District determines that use of surface water for irrigation results in any form of a credit for groundwater purposes pursuant to a plan developed under the Sustainable Groundwater Management Act, the landowners in ID No. 3 who have paid for the Project and have used surface water on their properties, shall be entitled to the credits associated with their surface water use.
 - c. The undersigned further acknowledge that the District has previously agreed with the landowners in the Tracy Lakes Improvement District No. 1 that when the District does have water available under Permit 10477, the first 3,000 acre-feet are to be made available to the District's North and South System, the next 4,000 acre-feet are to be made available to the

Tracy Lakes System, and the balance (up to 13,000 acre-feet) are currently uncommitted.

- d. The undersigned acknowledge that the District does not have access to surface water in all year types and cannot guarantee an annual water supply. The District's water right is generally not available in Dry, Critically Dry and most Below Normal year types.

4. LANDOWNER TURNOUTS AND DIVERSIONS. Landowners in ID No. 3 are responsible for installing any facilities necessary to divert and take water from the District's South System facilities at the Landowners' sole cost and expense. The design and installation of the facilities which connect to the District's facilities shall be reviewed and approved by the District's Engineer. All diversions of District water from the District's facilities, or from Pixley Slough or Bear Creek, shall be metered with meters approved by the District and installed at the Landowners' expense.

5. SURFACE WATER CHARGE: Landowners in ID No. 3 shall pay, in addition to the annual acreage assessment of \$50.00 per acre, a surface water charge for all water scheduled for delivery, as set by the District from time to time, to cover the actual operation and maintenance expenses for the delivery of surface water.

6. COMMITTEE: The District shall establish an advisory committee for ID No. 3 comprised of at least three members of ID No. 3 to review projects, expenditures and other matters related to ID No. 3 and provide recommendations to the District.

7. MODIFICATION: The terms and conditions of ID No. 3 as set forth in this Petition may be modified from time to time upon approval of the District and a majority vote of the acres in the ID No. 3.

8. EXHIBITS: This petition includes the attached *Exhibit A*, *Exhibit B*, *Exhibit C*.

- a. The Project is more specifically described in the attached *Exhibit B*.
- b. The names of the owners of all the land within the proposed improvement district with their last known addresses and a description of the parcel or parcels of land owned by each such owner within the proposed improvement district according to the next preceding equalized assessment book of the County of San Joaquin are contained in attached *Exhibit A*. The list of the parcel descriptions contained in *Exhibit A* constitutes a description of all the land proposed to be included in the proposed improvement district at this time.
- c. The attached *Exhibit C* map shows the land to be included within the boundaries of the proposed improvement district. The District shall cause an amended improvement district map to be prepared as additional acres are added to the ID No. 3.

IN WITNESS WHEREOF, we have signed our names and caused this petition to be dated as of the date of the last signature below.

EXHIBIT A

**LAND TO BE ASSESSED AS DESCRIBED IN THE PETITION
FOR FORMATION OF IMPROVEMENT DISTRICT NO. 3**

| PARCEL NUMBER | Assessor's Parcel Number of Parcel to Include in ID No. 3 | Acres | OWNER NAME AND MAILING ADDRESS | SIGNATURE | DATE |
|---------------|---|-------|--------------------------------|-----------|------|
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| 7 | | | | | |
| 8 | | | | | |
| 9 | | | | | |

EXHIBIT B

PROPOSED IMPROVEMENT PLAN FOR THE FORMATION OF IMPROVEMENT DISTRICT NO. 3 TO BE KNOWN AS THE SOUTH SURFACE WATER USERS IMPROVEMENT DISTRICT

The improvement plan for the proposed improvement district is as follows:

1. The District plans to construct a new South System Pump Station and rehabilitate or replace valves in the South System pipeline, and make initial; necessary repairs to the pipeline, at a cost of approximately \$3 to \$3.5 million. The District has approximately \$1.7 million in funding for this project. The District sought to obtain the remaining funding needed from an assessment on all irrigated lands in Improvement District No. 2, however the assessment failed the Proposition 218 ballot proceeding.
2. The landowners in Improvement District No. 3 are willing to assess themselves \$50.00 per acre for ten years to fund the balance of the cost to complete the new South System Pump Station, and to make initial repairs to the South conveyance system, such that the South System can be used to deliver non-pressurized surface water to the undersigned landowners on the terms and conditions set forth below.
3. If additional repairs or improvements are necessary or desired for the South System Pump Station, pipeline, or related ditches, channels, valves and related infrastructure, which will cost more than the funds available through the initial \$50.00 per acre, or other available sources, the landowners in Improvement District No. 3 may, by majority vote (one acre one vote) decide whether or not to fund those additional project components through an increased and/or extended assessment.

EXHIBIT C

MAP OF IMPROVEMENT DISTRICT NO. 3

(To be prepared once landowners have signed the petition and identified the included parcels)