

**PETITION FOR THE FORMATION OF
IMPROVEMENT DISTRICT NO. 4, TO BE KNOWN AS
THE NORTH SYSTEM SURFACE 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 Number 4 (ID4) within the North San Joaquin Water Conservation District (District) to provide for participation in the North System 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 of land situated within the boundaries of the proposed ID4.

2. PLANS: The plans and purpose of the Project of the proposed ID4 are:

- a. The District plans to construct a new North System Pump Station and rehabilitate or replace pipelines and related appurtenances to deliver surface water for irrigation and groundwater recharge purposes from the North System Pump Station to a portion of Tretheway Road and a portion of Acampo Road.
- b. The facilities that comprise the “Project” for purposes of ID4 include:
 - The planned new North System pump station and 48” main from the pump station to Tretheway road, to be installed 2027-2028 (The ID4 landowners may utilize the existing temporary pumps until the new pump is completed).
 - +/- 2700 feet of 42” pipe along Acampo Road, and a 42” crossing under Acampo Road installed in 2025-2026.
 - +/- 2500 feet of 42” pipe along Tretheway Road installed in 2024-2025
 - +/- 1300 feet of 14” pipe along Tretheway Road installed in 2023
 - A planned connection between the 42” and 14” pipes on Tretheway Road (which traverses a gas line).

- c. The facilities described in subsection 2.b. are sufficient to deliver water to the District's Lakso Recharge project and to approximately 600 acres of lands in the vicinity of the Project.
- d. The total cost of the Project is approximately \$7.95 million dollars. The District has or will fund these facilities with approximately \$5.660 million in grant funding, approximately \$1.929 million in groundwater charge revenue and approximately \$360,000 in ID4 assessments .
- e. Based on the estimated use of the Project facilities over a thirty year period, the Project will be used for groundwater recharge purposes 84% of the time and irrigation purposes 16% of the time. The \$360,000 in ID4 assessments reflects this equitable division of Project costs, not covered by grant funding.
- f. The undersigned landowners represent owners of land that can be served from the Project described herein and are willing to contractually agree to assess themselves \$60.00 per acre for ten years to fund and equitable share of the cost of the Project based on the direct benefits that the undersigned landowners will receive through access to surface water for irrigation.

3. INCLUDED LANDS:

- a. At least 200 acres of lands must sign this Petition to move forward with the formation of ID4. Additional acres may elect to join ID No. 4 provided:
 - 1. The total acreage in ID4 does not exceed 600 acres (which limit may be revised by a majority vote of the members of ID4 and the approval of the District); 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 $\$60 \times 3 \text{ yrs} \times 10 \text{ acres} = \$2,100$] plus interest on the prior assessments at the same rate paid by the District for any borrowed funds; AND

3. All landowners that join ID4 must consent in writing to joining the ID, paying the assessments, and having the assessments be a lien on their real property as allowed by law.

4. ASSESSMENTS:

- a. Lien. The undersigned acknowledge that the ID4 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 \$60.00 per acre per year for ten years. The assessment shall be used only for the Project construction costs. 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 or to fund turnouts or laterals that serve only one landowner. If the Initial Assessment, combined with other funding sources, is insufficient to complete the Project, 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 North 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).

5. PRIORITY.

- a. The District shall provide Landowners in ID4 with shared first priority to access and use surface water available to the District on the North System, under the District's water right Permit 10477, on their acreage in ID4 for irrigation purposes. This first priority right shall be shared with the District's recharge project(s) utilizing the Project. Other landowners, who are not members of ID4, shall have a lower priority right to use the Project capacity.

- b. The undersigned 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 available for delivery at the discretion of the Board of Directors.
- c. 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 ID4 who have paid for the Project and have used surface water on their properties for irrigation purposes, shall be entitled to the credits associated with their surface water use. Any surface water delivered through the Project by the District for groundwater recharge purposes, including Flood MAR projects on landowner properties, shall be credited to the District.
- 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 Permit 10477 water is generally not available for irrigation in Dry, Critically Dry and most Below Normal year types.

6. LANDOWNER TURNOUTS AND DIVERSIONS. Landowners in ID4 are responsible for installing the facilities necessary to divert and take water from the Project 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 shall be metered with meters approved by the District and installed at the Landowners' expense.

7. SURFACE WATER CHARGE: Landowners in ID4 shall pay, in addition to the annual acreage assessment, 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. Landowners who are not members of ID4 will pay a higher water charge to cover a contribution toward capital costs.

8. COMMITTEE: The District shall establish an advisory committee for ID4 comprised of at least three members of ID No. 4 to review projects, expenditures and other matters related to ID4 and provide recommendations to the District.

9. MODIFICATION: The terms and conditions of ID4 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 ID4.

10. EXHIBITS: This petition includes the attached *Exhibit A and Exhibit B*:

- a. The names of the owners of all the land within the proposed improvement district 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 parcels contained in **Exhibit A** constitutes a description of all the land eligible to be included in the proposed improvement district at this time.
- b. The attached **Exhibit B** 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 ID4.

11. CONSENT TO WAIVER OF HEARING AND OTHER FORMALITIES.

a. The undersigned hereby waive notice of hearing and any hearing by the District on the formation of Improvement District No. 4 and expressly consent to the formation of the improvement district, the levy of the \$60.00 per acre assessment for ten years, and the recording of the District's order approving the formation of the improvement district and levy of assessment as a lien against the real property listed on Exhibit A. The undersign also expressly waive any other procedural or due process requirements, including but not limited to compliance

Execution Copy

with Proposition 218, and consent to the levy of the assessment against their properties in exchange for the right to receive surface water under the terms set forth above. The undersigned further consent to the setting of a 2026 surface water rate of \$60.00 per acre-foot and waive any procedural or other legal requirements, including but not limited to compliance with Proposition 218.

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

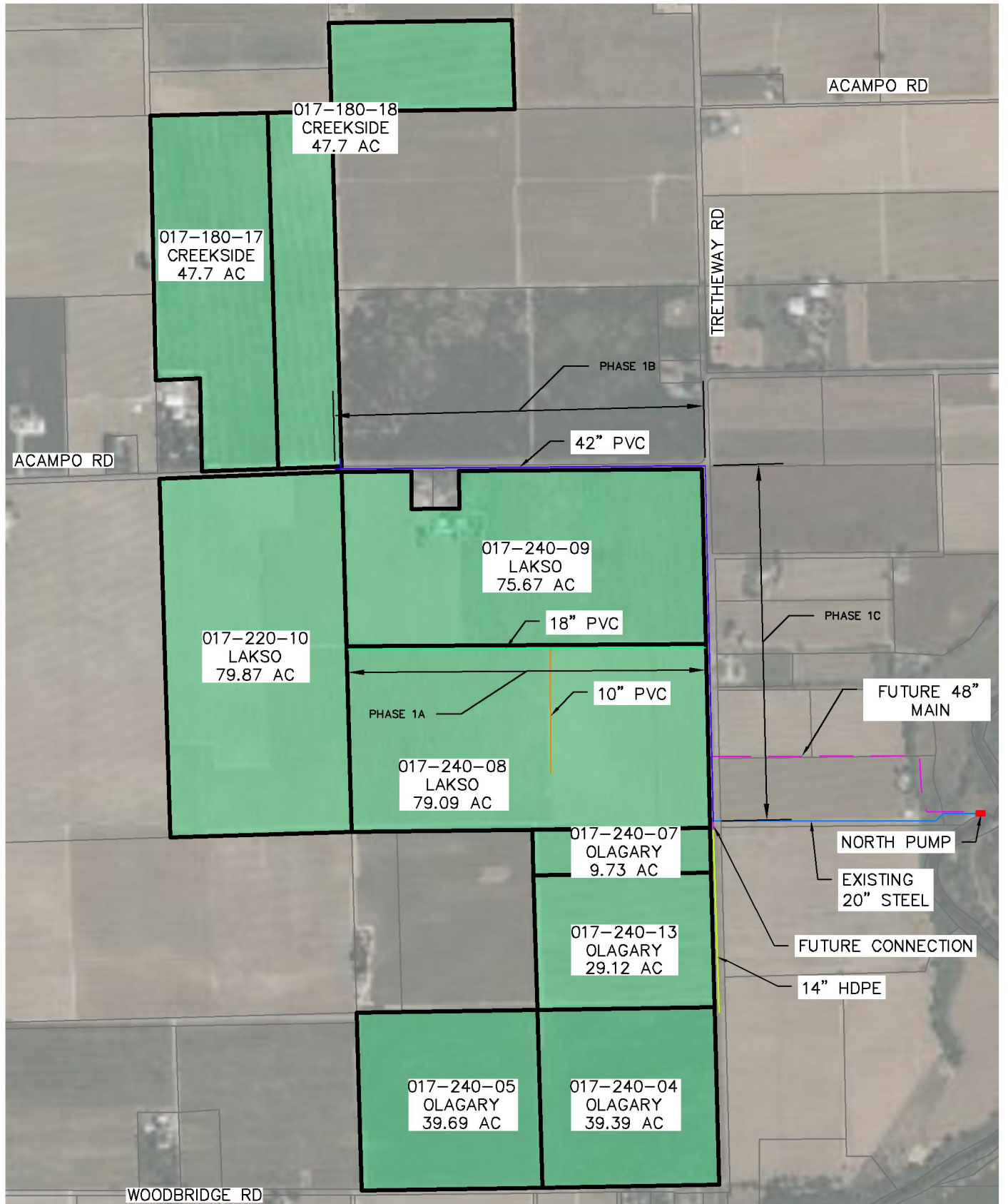
[signatures attached in Exhibit A]

EXHIBIT A – LANDS TO COMPRISE IMPROVEMENT DISTRICT NO. 4

Parcel/Acres	Landowner	Signature and Date
017-240-09 – 75.67 acres	John Lakso and Helen Lakso, Trustees of the Lakso Family Trust	
017-240-08 – 79.09 acres	John Lakso and Helen Lakso, Trustees of the Lakso Family Trust	
172-220-10 – 79.87 acres	John Lakso and Helen Lakso, Trustees of the Lakso Family Trust	
017-180-17 – 46.74 acres	Creekside Land Company LLC	
017-180-18 – 47.60 acres	Creekside Land Company LLC	
017-240-17 – 9.73 acres		
017-240-13 – 29.12 acres		
017-240-04 – 39.39 acres		
017-240-05 – 39.69 acres		

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EXHIBIT B – MAP OF IMPROVEMENT DISTRICT NO. 4 LANDS



DE GRAAF
ENGINEERING, INC.

degraafengineeringinc.com (209) 614-2745 P.O. Box 87 Ripon CA 95366

PROPOSED ID4 PARCELS

1" = 1000'

5/13/26

NORTH SAN JOAQUIN WATER CONSERVATION DISTRICT

IMPROVEMENT DISTRICT 4 FORMATION

			Funding for Elements		Allocation of District Cost			
	Vendor	Total	Grant	District	GW Recharge		Irrigation - ID4	
IMPROVEMENT DISTRICT NO. 4 PROJECT ELEMENTS								
Permanent North System pipelines								
42" Pipeline (2,700'+/-) - Acampo Rd -Phase 1B	Arnaudo	\$ 1,664,520.52	\$ 1,664,520.52	\$ -	84%	\$ -	16%	\$ -
42" Pipeline (2,500' +/-) - Tretheway Rd - Phase 1C	Arnaudo	\$ 914,008.48	\$ 914,008.48	\$ -	84%	\$ -	16%	\$ -
42" crossing under Acampo Rd to North - Estimate	Arnaudo	\$ 50,000.00	\$ 10,000.00	\$ 40,000.00	84%	\$ 33,685.83	16%	\$ 6,314.17
		\$ 2,628,529.00						
Connection from 42" PVC to 14" HDPE under gas line, Tretheway Rd								
Engineer's estimate		\$ 250,000.00	\$ -	\$ 250,000.00	84%	\$ 210,536.44	16%	\$ 39,463.56
Reynolds Recharge remaining infrastructure								
14" HDPE (1300'+/-) - Phase 1A - Tretheway Rd		\$ 71,323.84	\$ 71,323.84	\$ -	84%	\$ -	16%	\$ -
New North Pump Station, 48" main out to Tretheway Rd								
Engineer's Estimate		\$ 5,000,000.00	\$ 3,000,000.00	\$ 2,000,000.00	84%	\$ 1,684,291.55	16%	\$ 315,708.45
Subtotal		\$ 7,949,852.84	\$ 5,659,852.84	\$ 2,290,000.00		\$ 1,928,513.82		\$ 361,486.18
OTHER NORTH SYSTEM IMPROVEMENTS NOT CHARGED TO ID4								
Temporary Pump Station								
temp pump and generator install and rental	Arnaudo	\$ 110,245.69	\$ 110,245.69	\$ -	100%	\$ -	0%	\$ -
temp pump and generator rental	Arnaudo	\$61,007	\$61,007	\$ -	100%	\$ -	0%	\$ -
temp pump and generator rental	Arnaudo	\$53,460	\$53,460	\$ -	100%	\$ -	0%	\$ -
temp pump and generator rental	Arnaudo	\$38,774	\$38,774					
temp pump work	Arnaudo	\$16,464	\$16,464					
1st pump skid install	Pacific SW	\$156,509	\$156,509					
2nd pump skid install	Arnaudo	\$ 137,500.00	\$ 137,500.00	\$ -	100%	\$ -	0%	\$ -
two fish screens	ISI	\$ 86,200.00	\$ 86,200.00					
		\$ 660,160.10	\$ 660,160.10					
Lakso Recharge Project								
Lakso 18" e/w Lateral	Avid	\$ 160,809.58	\$ -	\$ 160,809.58	100%	\$ 160,809.58	0%	\$ -
Lakso 10" n/s lateral	Pacific SW	\$ 36,947.31	\$ 36,947.31					
Original basin work	Richard Rodriquez	\$ 50,000.00	\$ 50,000.00		100%	\$ -		
Phase 1C basin work	Arnaudo	\$ 274,000.00		\$ 274,000.00	100%	\$ 274,000.00		
		\$ 521,756.89						
TOTAL ALL		\$ 9,131,769.83	\$ 6,406,960.25	\$ 2,724,809.58		\$ 2,363,323.40		

** Excludes permitting, engineering, surveying, easements and project management costs - almost all covered by grants to date

	acres		wet	dry	average
Average Recharge Use of System	79.09	84%	6525	1780	4152
Average Irrigation Use of System	518.87	16%	1557	0	778
					4930.53

	Acres
Creekside	95.40
Lakso Irrigated	155.54
Lakso Recharge	79.09
Olagaray	117.93
Additional Acres	150
Total	597.96