

**STAFF**

Steve Schwabauer, General Manager  
Jennifer Spaletta - General Counsel  
Roger Masuda - Special Counsel  
Shasta Burns - Deputy Secretary  
Daniel de Graaf - District Engineer  
Robert Granberg – Grants Administrator

**BOARD OF DIRECTORS**

President - Joe Valente  
Vice President – Jason Colombini  
Secretary – Brady Colburn  
Treasurer - Charles Starr II  
Director – David Simpson

**NORTH SAN JOAQUIN WATER CONSERVATION DISTRICT  
NOTICE OF MEETING AND PUBLIC HEARING AND AGENDA FOR  
REGULAR MEETING OF THE BOARD OF DIRECTORS**

**Monday, March 30, 2026  
2:00 p.m.  
Lodi Grape Festival Grounds- Barrel Room  
413 E. Lockeford St, Lodi CA 95240**

The agenda and all noted documentation may be viewed and downloaded at [www.nsjwcd.com.org](http://www.nsjwcd.com.org) . Requests to receive the agenda and documentation by e-mail may be submitted in writing to the Secretary of the Board. The NSJWCD printed agendas are posted at the District’s location of business at: 498 E. Kettleman Lane, Lodi. The District’s mailing address is: PO Box 334, Victor CA 95253.

**NOTICE:** Members of the public may address the Board of Directors concerning any agenda item during the Board’s consideration of that item. The public may address non-agenda items at the end of the regular meeting. No action will be taken on those items; however, the Board may agendaize items for future consideration.

- 1. Call to Order - Roll Call - Acceptance of Agenda**
- 2. Correspondence/Announcements**
- 3. Action Items**

Any and all of **the following agenda items are subject to action** being taken by the Board of Directors by motion, resolution or ordinance.

**Action items may be added to the agenda** upon determination by a majority vote of the Board that an emergency exists, as defined by state law, or by a 2/3 vote of the Board that (1) there is a need to take immediate action; and (2) that the need for action came to the District’s attention after the agenda was posted.

**A. CONSENT CALENDAR**

- 1. Approval of the Minutes for the Regular Scheduled Board Meeting on February 23, 2026 (*attachment 1*). Pages 5-8

**B. FINANCIAL/ADMINISTRATIVE**

- 1. Receive and Approve February, 2026 NSJWCD Monthly Treasurer’s Report and Summary of Accounts and Transfers (*attachment 2*) pages 9-12
- 2. Approve Payment of Bills (*attachment 3*) pages 13-15

3. Receive Update on three-month cash flow projection (*attachment 4*)  
*page 16*
4. Accept 2023 Audit (*attachment 5*) *pages 17-24 and additional  
attache ment*
5. Update on Quotes for Tractor/Mower
6. Authorize Joint 2026 SWEEP Block Grant application with WID, SSJID,  
SEWD and CID (not to exceed \$ 7500 for concept proposal and \$25,000  
for final proposal if warranted)
7. Appoint 2026-2027 Budget Subcommittee
8. Update on Groundwater Charge Timeline (*attachment 6*) *pages 25-27*

#### C. CONTRACTS

- i. Approve EBMUD Cooperative Agreement regarding the DREAM BiGR  
Project (*Attachment 7*) *pages 28-32*

#### D. SYSTEM AND PROJECTS

- i. Engineer's Report and Operations Plan
- ii. North System
  1. NS Phase 2 update
  2. Improvement District No. 4 Petition for Formation Update  
(*Attachment 8*) *pages 33-40*
  3. North Pump Repairs Update
- iii. South System
- iv. Cal-Fed/Woodbridge
- v. Tracy Lake ID
  1. Pump Repair Update

#### E. Grant Activity

- i. Funding Report (*Attachment 9*) *pages 41-43*

#### F. Receive Master Plan Update and Provide Direction to Staff

- i. Provide Staff Input on Water Forum Presentation

#### G. Groundwater Charge

#### H. Sustainable Groundwater Management Act/ GWA Activity

#### I. MICUP/SJC Mokelumne River Application

#### J. Bay Delta /Healthy Rivers and Landscapes

#### K. Landowner communications

#### L. Board Planning Calendar

#### **4. Director and Staff Reports**

- A. Directors Reports
- B. Committee Reports
- C. Other

#### **5. Public Comment on Items Not on the Agenda**

Interested persons in the audience are welcome to introduce any topic within the jurisdiction of the NSJWCD Board. The time allowed for each speaker for comments made by the public is limited to 3 minutes. Matters presented under this agenda item may be discussed, but no action can be taken by the Board at this meeting except as follows:

- Briefly respond to statements made or questions raised.
- Ask a question for clarification.
- Provide a reference to staff or other resources for factual information.
- Request staff to report back at a subsequent meeting.
- An individual Board member or the Board itself may have the matter placed on a future agenda.

#### **6. Closed Session – 4 items**

Closed Session pursuant to Section 54956.9(a) Existing Litigation  
CONFERENCE WITH LEGAL COUNSEL – *California Sportfishing Protection Alliance v. Eastern San Joaquin Groundwater Authority, et al., Stanislaus County Superior Court, Case No. CV-20-001720*

Closed Session pursuant to Section 54956.9(a) Existing Proceeding  
CONFERENCE WITH LEGAL COUNSEL – *SWRCB Pending Application A029835*

Closed Session pursuant to Section 54956.9(a) Anticipated Litigation – two cases Bay Delta/Flow Proceeding, and one case where facts shall not be disclosed because they are unknown to potential litigants

Closed Session pursuant to Government Code Section 54956.8 Real Property Negotiations– a) North System Easements and Leases – Negotiators are General Counsel Jennifer Spaletta and General Manager Steve Schwabauer for the District and for the landowners, Thomas and Jean Powell, Lodi CA APN 017-250-07, James Patrick and Sandra Marie Hale Trust, 01725008, Karen Somers 01725016 b) South System Recharge Locations Negotiators are Vic Mettler on behalf of Kay Mettler Trust APN 05113076, Larry Mettler on behalf of Lawrence and Charlene Mettler Trust APN 05113065 and Drew Rotner on behalf of Locust Tree LLC APN 051-13-056; and Maria Doi APN 06307022

Closed Session pursuant to Section 54957b – General Manager Contract Review

#### **Return to Open Session**

All reportable actions taken in closed session will be announced in open session following the closed session and will be duly noted in the official minutes of the meeting.

## 7. Motion to Adjourn

**Next Regular Meeting April 27, 2026** from 2:00 PM- 4:00 PM

Lodi Grape Festival Grounds- Barrel Room

413 E. Lockeford St, Lodi CA 95240

**Action may be taken on any item**

*Agendas and Minutes may also be found at [http:// www.NSJGroundwater.org](http://www.NSJGroundwater.org)*

*Note: If you need disability-related modification or accommodation in order to participate in this meeting, please contact North San Joaquin Water Conservation District Staff at (209) 712-1693 at least 48 hours prior to the start of the meeting*

President Joe Valente - Area 3  
Vice President Jason Colombini - Area 2  
Director David Simpson – Area 1  
Treasurer Charles Starr – Area 4  
Secretary Brady Colburn – Area 5

General Counsel Jennifer Spaletta  
Special Counsel Roger Masuda - Absent  
Daniel deGraaf – District Engineer  
Deputy Secretary – Shasta Burns  
General Manager – Steve Schwabauer

NORTH SAN JOAQUIN WATER CONSERVATION DISTRICT  
REGULAR MEETING AND CONCURRENT SPECIAL MEETING  
OF THE BOARD OF DIRECTORS

Lodi Grape Festival Grounds – Barrel Room  
413 E. Lockeford Street, Lodi, CA

**Monday, February 23, 2026**

**REGULAR MEETING**

**1. Call to Order - Roll Call - Acceptance of Agenda** - The meeting was called to order by President Valente at 2:03 p.m. A motion for the acceptance of the Agenda of February 23, 2026 made by Vice President Colombini, second by Treasurer Starr. Motion passed 5/0/0.

**2. Correspondence/Announcements –**

**3. Action Items** Note: Votes recorded as: For/Against/Abstention (name)

**A. CONSENT CALENDAR**

Approval of the Minutes of the Regular Scheduled Board meeting on January 26, 2026 and the Special Meeting held on February 20, 2026. A motion to approve the meeting of the Regular Scheduled Board Meeting on January 26, 2026, and the Special Meeting on February 20, 2026 made by Vice President Colombini, second by Secretary Colburn. Motion passed 5/0/0.

**B. FINANCIAL MATTERS**

1. Receive and approve February 2026 NSJWCD Monthly Treasurer’s Report and Summary of Accounts and Transfers presented to the board. Accountant, Lyndsay George prepared financial statements for Board action. A motion to approve January 2026 NSJWCD Monthly Treasurer’s report, made by Vice President Colombini, second by Secretary Colburn. Motion passed 5/0/0.

2. Approve Payment of Bills. A motion to approve payment of bills listed in the Board meeting packet, made by Director Simpson, second by Treasurer Starr. Motion passed 5/0/0.

3. Receive Update on three-month cash flow projection- Cash Flow Statement handout and the meeting prepared by Susan Bjork. Presented in the board

meeting packet.

4. Board Update on 2023 Audit – Audit is being reviewed and Pauline Sanguinetti will present at the next scheduled board meeting, March 30, 2026.
5. Approve Water Bills for 2025 Irrigation – President Valente removed himself for this portion of the meeting to review annual Water Bills for Landowners Kautz and Caffese. A motion to approve Water Bills for the 2025 Irrigation season made by Treasurer Starr, second by Director Simpson, motion passed 4/0/1. President Valente abstains do to being out of the room.
6. Approve Payment amount for 2025 Woodbridge Irrigation District Water Purchase – A motion to approve payment for 2025 Woodbridge Irrigation District Water Purchase as presented in the board meeting packet made by Vice President Colomnbini, second by Secretary Colburn. Motion passed 5/0/0.
7. Authorize Purchase of District Logo Trucker Hats- Direction to move forward with purchasing district hats. General Manager will work with Vice President Colombini to complete the design and purchase. A motion to purchase 100 hats from local Embroidery Works made by Director Simpson, second by Treasurer Starr. Motion passed 5/0/0.
8. Update on Quotes for Tractor/Mower – Discussion item only.
9. Authorize General Manager to increase not to exceed salary for part time Ditch Tender to \$25,000 per year. A motion to approve increase budget item for the Ditch Tender budget item to increase \$25,000 made by, Director Simpson, second by Vice President Colombini. Motion passed 5/0/0.
10. Receive Report on SWEEP Block Grant Awards- Discussion item only.

#### C. CONTRACTS

1. Approve Amendment to Zanjero Scope of Work to add \$20,000 for additional basin pumping work. A motion to approve Amendment to Zanjero Scope of work to add an additional \$20,000 for additional basin pumping work with General Manager Schwabauer adding deliverables before signing final Amendment #2 made by Vice President Colombini, second by Director Simpson. Motion passed 5/0/0.
2. Approve Contract with Arnaudo Construction to install additional North System Main Pipe Segment necessary for landowners to hook up North System for Irrigation – District Engineer Daniel deGraaf reviewed addition North System Main Pipe Segment. A motion to approve Arnaudo Construction to install additional Main Pipe Segment presented subject to getting a written easement from landowner in the amount not to exceed (\$45,109.25) and subject to board member and General Manager approval before signing contract in the board meeting packet made by Vice President Colombini, second by Secretary Colburn. Motion passed 5/0/0.

#### D. System and Projects

1. Engineer's Report and Operations Plan. General Manager Schwabauer reviewed operations. District Engineer deGraaf gave an overview of where the district stands on each project.
  2. North System –
    - i. NS Phase 2 update – Meeting was held last week with Arnaudo and discussed concepts on plan. Arnaudo Construction is developing costs at this time and a meeting with SJCOG is scheduled for this coming week.
    - ii. Improvement District No. 4 Petition for Formation Update – No update at this time.
    - iii. North Pump Repairs Update - District Engineer reviewed North System with General Manager Schwabauer. New pump has been losing pressure. GM Schwabauer reviewed outreach to Pacific Southwest Irrigation, Arnaudo Construction, and District Engineer and repairs they have made in efforts to fix the problem.
  3. South System – Update only.
  4. Cal-Fed Woodbridge – Project is currently running.
  5. Tracy lake ID-
    - i. Pump Repair Update – Landowner discussion of funding \$18,000 of the repairs have been confirmed and General Manager has been in touch with Laurel Ag to confirm they will complete the repairs.
- E.** Grant Activity – Update in the board meeting packet and available upon request.
- F.** Receive Master Plan Update and Provide Direction to Staff – Landowner meetings were held on Friday, February 20, 2026.
1. Receive Strategic Plan Update – Written Strategic Plan update in board meeting packet.
  2. Provide Staff Input on Water Forum Presentation – Water Forum Meeting is scheduled for April 1, 2026 and board reviewed discussion items for meeting.
- G.** Groundwater Charge- Discussion item only.
- H.** Sustainable Groundwater Management Act/GWA Activity- GWA activity- Meeting was held early February.
- I.** SJC Mokelumne River Application Update – Second Draft of EIR is circulating now.
- J.** MICUP/SJC Mokelumne River Application – No update at this time. Draft EIR will be available next week.
- K.** Bay Delta Flow Program Update/Voluntary Agreements – Comments have been submitted.
- L.** Landowner Communications – Water Forum will be held on April 1, 2026 with Lodi District Grape Growers Association.
- M.** Board Planning Calendar – 2026 meeting calendar is set.

#### **4. Director and Staff Reports**

**A. Director's Report** –President Valente reported on Brown Act Certification of Completion.

**B. Committee Reports** – No reports at this time.

**C. Other** – No reports at this time.

**5. Public Comment** – Lodi Lake is currently being filled and will be full by the weekend.

**6. Closed Session** – The Board entered closed session at 3:49 pm, and came out of closed session. **Return to Open Session** – President Valente returned the meeting to open session and announced there was no reportable action.

**7. Adjournment** - Motion to adjourn the NSJWCD Regular Meeting on February 23, 2026 made by Vice President Colombini, second by Director Simpson. Motion passed 5/0/0. Meeting adjourned at 4:30 p.m.

**The next regular scheduled Board Meeting March 30, 2026, from 2:00 p.m. - 4:00 p.m.**

The above minutes of the North San Joaquin Water Conservation District Board of Directors Meeting of February 23, 2026.

Respectfully submitted:  
Board Clerk- Shasta Burns

**North San Joaquin Water Conservation District  
Treasurer's Report  
March 2026 - Monthly Summary of Accounts  
As of March 24, 2026**

The chart below is a summary of account information including account balances and transactions since the last scheduled Board meeting (February 2026). The attached reports are prepared by LG A&A Services for the month of March 2026. Additional attachments that follow include accounts payable, recommendations for bill payments and transfers as noted herein.

NSJWCD Accounts Summary - February 20, 2026	Beg Balance as of 01/20/2026 with approved transfers	Checks after last meeting	ACH/Autopays made after last meeting	Transfer after meeting	Revenue Received after last meeting	Current Balance March 24, 2026	Proposed bills to be paid today	Proposed transfer	Ending balance March 24, 2026
F&M Checking - New	55,529.26	(2,660.00)	(48,055.79)		7,083.36	11,896.83	(167,767.44)	250,000.00	94,129.39
F&M ID #3	233,656.13				332.41	233,988.54			233,988.54
F&M Tracy Lake O&M	27,673.84		(121.71)			27,552.13			27,552.13
County GW Fund	1,797,303.34					1,797,303.34		(200,000.00)	1,597,303.34
County Account Fund (GF)	60,939.43					60,939.43		(50,000.00)	10,939.43
<b>Total</b>	<b>\$ 2,175,102.00</b>	<b>\$ (2,660.00)</b>	<b>\$ (48,177.50)</b>	<b>\$ -</b>	<b>\$ 7,415.77</b>	<b>\$ 2,131,680.27</b>	<b>\$ (167,767.44)</b>	<b>\$ -</b>	<b>\$ 1,963,912.83</b>

Payments After Last Meeting		Revenue Received After Last Meeting		Proposed Bills To Be Paid Today	
				Classes	
ADP Fees	69.80	Checking Interest	0.84	General Expenses	(43,913.45)
Amazon	24.22	2025 Water Surf.Charges	7,082.52	Ground Water	(54,659.26)
Big 5 Sporting Goods	64.94			Operations Fund	(7,904.00)
Bon Appetit	279.99	ID #3 Interest	332.41	NS Pipeline	(55.00)
Dropbox	11.99			NS Pump Station	(8,343.00)
Embroidery Works	2,002.63			SS Phase 1	(1,567.50)
F&M	165.26			SS Phase 3	(40,989.23)
Microsoft	136.40			SS Phase 4	(10,336.00)
Onstar	34.99				
Payroll	25,798.60				
PG&E	17,590.43				
QuickQuack	24.99				
Starbucks	24.00				
State Comp	1,639.43				
The Home Depot	38.89				
Young's Ace	115.25				
Zoom.US	33.98				
PG&E	121.71				
<b>Total</b>	<b>48,177.50</b>	<b>Total</b>	<b>7,415.77</b>	<b>Total</b>	<b>(167,767.44)</b>

**1. SEE ATTACHMENT 1 - ACCOUNTS PAYABLE REPORT.**

**2. CURRENT PAYMENT RECOMMENDATIONS - SEE TABLE BELOW:**

5G Land Management	\$ 1,700.00	Mowing Lakso Basin
Consero Solutions	16,712.50	February Invoice
de Graaf Engineering, Inc.	25,981.91	February Invoice
GEI Consultants	2,465.00	MICUP Consulting
Granberg & Associates	2,422.50	February Invoice
Henderson Hatfield, A	846.09	Employee Handbook
HydroFocus, Inc	13,973.65	Jan/Feb Invoices
Julie Lang	55.00	Notary Services
Kludt Oil	404.61	03.15.26 Statement
Lyndsay George	5,375.95	03.15.26 Statement
Moore Biological Consultants	4,290.00	Services August 2025 - February 2026
Richard Rodriguez Farms	2,725.00	Work Teck/Petersen Recharge
Shasta Burns	6,071.50	March Invoice
Sierra Controls, LLC	50,989.23	Nov-Feb Invoices
Spaletta Law PC	1,162.50	March Rent
Stoel Rives, LLP	26,397.00	February Invoice
Zanjero, Inc.	6,195.00	ET Analysis
<b>Total Payments Proposed</b>	<b>167,767.44</b>	

**3. REMAINING ACCOUNTS PAYABLE – \$25,483.09**

- a. \$ 30,000.00 - Retention due to Arnaudo Construction, Inc.
- b. (\$ 4,516.91) – ABS Direct Inc. Duplicate payment. Credit on account.

**4. WARRANTS PAYABLE**

- a. \$399,988.17 – F&M Bank

**5. ACCOUNTS RECEIVABLE – \$130,830.64**

- a. \$ 34,304.25 – San Joaquin County – SGMA Grant
- b. \$ 29,999.94 – State of California – FDRE Grant
- c. \$ 32,469.48 – DWR – IRWM Grant
- d. \$ 16,791.79 – DWR – VA Grant – Retention Payments #1-6
- e. \$ 17,265.18 – Bob Caffese – 2025 Surface Water Charges

**6. OTHER RECEIVABLES - \$39,550.00 – Refund due from F&M Bank.**

**Note 1**

- Check #20038 – Old Republic Title Company - \$600.00 – Vic Mettler Appraisal
- Check #20039 – Old Republic Title Company - \$600.00 – Larry Mettler Appraisal
- Check #20040 – Richard Rodriguez Farms - \$1,460.00 – Peterson Project

**North San Joaquin Water Conservation District**  
**Vendor Balance Summary**  
All Transactions

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	<u>Mar 24, 26</u>
5G Land Management	1,700.00
ABS Direct Inc	-4,516.91
Arnaudo Construction, Inc.	30,000.00
Consero Solutions	16,712.50
de Graaf Engineering, Inc.	25,981.91
GEI Consultants	2,465.00
Granberg & Associates	2,422.50
Henderson Hatfield, A	846.09
HydroFocus, Inc	13,973.65
Julie Lang	55.00
Kludt Oil	404.61
Lyndsay George	5,375.95
Moore Biological Consultants	4,290.00
Richard Rodriguez Farms	2,725.00
Shasta Burns	6,071.50
Sierra Controls, LLC	50,989.23
Spaletta Law PC	1,162.50
Stoel Rives, LLP	26,397.00
Zanjero, Inc.	6,195.00
<b>TOTAL</b>	<b><u>193,250.53</u></b>

10:16 AM

## North San Joaquin Water Conservation District Unpaid Bills by Vendor All Transactions

03/26/26

Accrual Basis

Date	Num	Memo	Account	Class	Open Balance
<b>5G Land Management</b>					
03/18/2026	1111	Batwing Mowing - Lakso Basin	6205 · Repairs, Ops & Maintenance	.Operations Fund:Recharge Project O&M	-1,700.00
Total 5G Land Management					-1,700.00
<b>Arnaudo Construction, Inc.</b>					
09/30/2024	RET NS 1B APP #7	NS Phase 1b - (Retainage \$15,363.46)	6115.5 · Pipeline	Capital Outlay:North System Phase 1B	-10,000.00
06/30/2025	RET NS 1C App #1	Pipeline	6115.6 · Pump Station	Capital Outlay:North System Phase 1C	-20,000.00
Total Arnaudo Construction, Inc.					-30,000.00
<b>Consero Solutions</b>					
02/28/2026	2218	Management, Research & Outreach	6180.3 · Consulting	-G&A	-16,712.50
Total Consero Solutions					-16,712.50
<b>de Graaf Engineering, Inc.</b>					
03/17/2026	1330	General - Prep and Attend Board Meeting	6180.4 · Engineering Expense	-G&A	-1,178.75
03/17/2026	1330	SGMA - W&C Data Request	6180.4 · Engineering Expense	-Groundwater Management	-228.00
03/17/2026	1330	Infrastructure Master Plan and CIP	6180.4 · Engineering Expense	-G&A	-7,317.16
03/17/2026	1330	NS Operations	6180.4 · Engineering Expense	.Operations Fund:North System O&M	-1,482.00
03/17/2026	1330	EBMUD NSJ SEWD Dream Coordination	6180.4 · Engineering Expense	-Groundwater Management	-342.00
03/17/2026	1330	South System Phase 4	6180.4 · Engineering Expense	Capital Outlay:South System Phase 4	-10,336.00
03/17/2026	1330	North System General	6180.4 · Engineering Expense	.Operations Fund:North System O&M	-1,045.00
03/17/2026	1330	NS Pump	6180.4 · Engineering Expense	Capital Outlay:North System Pump Station	-4,053.00
Total de Graaf Engineering, Inc.					-25,981.91
<b>GEI Consultants</b>					
02/25/2026	003196492	Water Rights Consulting	6180.13 · MICUP	-Groundwater Management	-1,007.50
03/20/2026	003198271	Water Rights Consulting	6180.13 · MICUP	-Groundwater Management	-1,457.50
Total GEI Consultants					-2,465.00
<b>Granberg &amp; Associates</b>					
03/01/2026	43	IRWM Grant Admin	6180.7 · Project Management	Capital Outlay:South System Phase 3	-1,567.50
03/01/2026	43	SGMA Grant Admin	6180.7 · Project Management	Capital Outlay:North System Phase 1B	-855.00
Total Granberg & Associates					-2,422.50
<b>Henderson Hatfield, A</b>					
02/25/2026	30465	Employee Handbook	6180.6 · Legal	-G&A	-846.09
Total Henderson Hatfield, A					-846.09
<b>HydroFocus, Inc</b>					
02/26/2026	5658-41	Billing Period January 2026	6180.5 · Hydrologist	-Groundwater Management	-7,979.00
03/17/2026	5658-42	Billing Period February 2026	6180.5 · Hydrologist	-Groundwater Management	-5,994.65
Total HydroFocus, Inc					-13,973.65
<b>Julie Lang</b>					
03/24/2026		Notary services - Pipeline and Groundwater Monit...	6180.6 · Legal	Capital Outlay:North System Pipeline	-55.00
Total Julie Lang					-55.00
<b>Kludt Oil</b>					
02/15/2026	499880	Chevy Silverado 1500	6236.1 · Fuel	-Groundwater Management	-145.53
02/28/2026	700042	Chevy Silverado 1500	6236.1 · Fuel	-Groundwater Management	-82.71

## North San Joaquin Water Conservation District Unpaid Bills by Vendor All Transactions

03/26/26

Accrual Basis

Date	Num	Memo	Account	Class	Open Balance
03/15/2026	700628	Chevy Silverado 1500	6236.1 · Fuel	-Groundwater Management	-172.33
03/15/2026	Stmt 03.15.26	Late Fee	6236.1 · Fuel	-Groundwater Management	-4.04
Total Kludt Oil					-404.61
<b>Lyndsay George</b>					
03/16/2026	1046	Billing Period 02.16.26 - 03.15.26	6180.1 · Accounting	-G&A	-5,375.95
Total Lyndsay George					-5,375.95
<b>Moore Biological Consultants</b>					
03/06/2026	4417/02-26	North Pump Station Replacement Project	6180.11 · Biological Consultant	Capital Outlay:North System Pump Station	-4,290.00
Total Moore Biological Consultants					-4,290.00
<b>Richard Rodriguez Farms</b>					
03/09/2026	0134	Tecklenburg	6205 · Repairs, Ops & Maintenance	.Operations Fund:Recharge Project O&M	-1,250.00
03/09/2026	0135	Petersen	6205 · Repairs, Ops & Maintenance	.Operations Fund:Recharge Project O&M	-350.00
03/15/2026	2017	Petersen Recharge	6205 · Repairs, Ops & Maintenance	-Groundwater Management	-1,125.00
Total Richard Rodriguez Farms					-2,725.00
<b>Shasta Burns</b>					
03/23/2026	236	March Invoice	6180.8 · Board Clerk	-G&A	-5,390.00
03/23/2026	236	March Mileage	6228 · Travel	-G&A	-681.50
Total Shasta Burns					-6,071.50
<b>Sierra Controls, LLC</b>					
11/30/2025	126557	South System Improvement - Phase III	6115.1 · Automation/SCADA	Capital Outlay:South System Phase 3	-3,130.20
12/23/2025	126588	Cloud SCADA Subscripion Fee 12.01.25-11.30.26	6214 · Subscriptions	-Groundwater Management	-10,000.00
12/31/2025	126622	South System Improvement - Phsae III	6115.1 · Automation/SCADA	Capital Outlay:South System Phase 3	-26,829.77
01/31/2026	257576	South System Improvement - Phsae III	6115.1 · Automation/SCADA	Capital Outlay:South System Phase 3	-9,437.89
02/28/2026	257659	South System Improvement - Phsae III	6115.1 · Automation/SCADA	Capital Outlay:South System Phase 3	-1,591.37
Total Sierra Controls, LLC					-50,989.23
<b>Spaletta Law PC</b>					
03/01/2026		Rent	6142 · Lease Expense	-G&A	-1,162.50
Total Spaletta Law PC					-1,162.50
<b>Stoel Rives, LLP</b>					
03/19/2026	8115356	CSPA ESJ GSP Writ	6180.6 · Legal	-Groundwater Management	-843.00
03/19/2026	8115357	MICUP	6180.13 · MICUP	-Groundwater Management	-10,633.00
03/19/2026	8115358	Groundwater Management	6180.6 · Legal	-Groundwater Management	-7,595.00
03/19/2026	8115359	North Systems Projects	6180.6 · Legal	Capital Outlay:North System Pump Station	-1,930.00
03/19/2026	8115360	South System Projects	6180.6 · Legal	Capital Outlay:South System Phase 3	-147.00
03/19/2026	8115361	Mokelumne River Water Rights	6180.6 · Legal	-G&A	-1,764.00
03/19/2026	8115362	General	6180.6 · Legal	-G&A	-3,485.00
Total Stoel Rives, LLP					-26,397.00
<b>Zanjero, Inc.</b>					
03/05/2026	7879	ET Analysis	6180.3 · Consulting	-Groundwater Management	-6,195.00
Total Zanjero, Inc.					-6,195.00

10:16 AM

03/26/26

Accrual Basis

North San Joaquin Water Conservation District  
Unpaid Bills by Vendor  
All Transactions

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	Date	Num	Memo	Account	Class	Open Balance
TOTAL						<u>-197,767.44</u>

North San Joaquin Water Conservation District  
Three Month Cash Statement

For period: April 2026 through June 2026

<b>Balances</b>	<b>April</b>	<b>May</b>	<b>June</b>
Beginning cash balances	\$1,702,372	\$2,932,173	\$2,861,320
Projected revenues	\$1,439,801	\$206,804	\$43,604
Projected expenditures	\$210,000	\$277,657	\$210,000
Projected ending cash balances	\$2,932,173	\$2,861,320	\$2,694,924

**Cash projection is sufficient to meet 3 month projected expenditures.**

\_\_\_\_\_, 2026

To the Board of Directors  
**North San Joaquin Water Conservation District**  
Post Office Box E  
Victor, California 95253

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of **North San Joaquin Water Conservation District** for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by **North San Joaquin Water Conservation District** are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2023. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We did not identify any such estimates during the course of our audit.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. We did not identify any sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such adjustments. The following material adjustments resulted from audit procedures and was approved and recorded by management:

#### *NSJWCD*

- Entry to record \$88,968 of depreciation expense as of June 30, 2023.
- Entry to record \$328,056 of additional grants receivable as of June 30, 2023.
- Entry to record \$157,087 of additional accounts payable as of June 30, 2023.

#### *Tracy Lake ID #1*

- Entry to record \$52,554 of depreciation expense as of June 30, 2023.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 6, 2026.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Summaries of Operating Expenses, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### Restriction on use

This information is intended solely for the use of the Board of Directors and management of **North San Joaquin Water Conservation District** and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

CROCE, SANGUINETTI, & VANDER VEEN, INC.  
Certified Public Accountants

**NORTH SAN JOAQUIN WATER  
CONSERVATION DISTRICT  
POST OFFICE BOX E  
VICTOR, CALIFORNIA 95253**

March 6, 2026

Croce, Sanguinetti, & Vander Veen, Inc.  
3520 Brookside Road, Suite 141  
Stockton, California 95219

This representation letter is provided in connection with your audit of the financial statements of **North San Joaquin Water Conservation District** (the District), which comprise the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows for the years then ended, and the disclosures (collectively, the “financial statements”), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 4, 2026, the following representations made to you during your audit.

**Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 22, 2025, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for the preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
9. Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

#### **Information Provided**

10. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13. We have no knowledge of any fraud or suspected fraud that affects the District and involves:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
15. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
16. We have disclosed to you all known and actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
17. We have disclosed to you the names of the District's related parties and all the related party relationships and transactions including any side agreements.

**Government - Specific**

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
20. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
21. The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.
22. We are responsible for the District's compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
23. We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements, that we believe have a material effect on the financial statements.

24. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
25. As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.
26. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
27. The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
28. The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
29. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended, and GASB Statement No. 84.
30. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
31. Components of net position (net investment in capital assets, restricted, and unrestricted) and equity amounts are properly classified and, if applicable, approved.
32. Provisions for uncollectible receivables have been properly identified and recorded.
33. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
34. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
35. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
36. Special and extraordinary items are appropriately classified and reported, if applicable.
37. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

38. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
39. We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position is properly recognized under the policy.
40. We are following GASB Statement No. 54, paragraph 18, to determine the fund balance classifications for financial reporting purposes.
41. The adjusting journal entries for the period ended June 30, 2023, which have been proposed by you, are approved by us and will be recorded on the books of the District.
42. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
43. With respect to the schedule of the summary of operating expenses:
  - a. We acknowledge our responsibility for presenting the schedule of summary of operating expenses in accordance with U.S. GAAP, and we believe the schedule of summary of operating expenses, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the schedule of summary of operating expenses have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - b. If the schedule of summary of operating expenses is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.
44. In regards to preparing the standard, adjusting, or correcting journal entries, assisting in preparing the financial statements and the preparation of the Special Districts Financial Transactions Report and Local Government Compensation Report, by you, we have -
  - a. Assumed all management responsibilities.
  - b. Designated an individual (within senior management), with suitable skill, knowledge, or experience to oversee the services.
  - c. Evaluated the adequacy and results of the services performed.
  - d. Accepted responsibility for the result of the services.

Signature \_\_\_\_\_  
Joe Valente, President

**BOARD OF DIRECTORS**

P.O. Box 334, Victor, CA 95253

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From: Steve Schwabauer, General Manager

**RECOMMENDED ACTION:** Provide Direction to Staff on Proposed Charge Amount for Purposes of the Notice and Hearing on the Imposition of the 2026-27 Groundwater Charge.

**DISCUSSION:**

In 2022 the District successfully completed a Proposition 218 proceeding to impose a groundwater charge to fund efforts required to comply with the Sustainable Groundwater Management Act. The Engineer's Report provided that the charge would be a maximum of \$15 per AF per year for the first two years (2022-23 and 2023-24), \$20 per AF per year for the next two years (2024-25 and 2025-26), and \$25 per AF per year thereafter (2026-27 and beyond). In 2024 and 2025 the Board implemented the first proposition 218 preapproved increase to \$20 per af for the 2024-25 and 2025-26 years. Based on the pre-approval this year's rate can be set no higher than \$25 per af.

The Board of Directors must set the amount of the charge annually, not to exceed the maximums set forth above. The District must complete the final list of charges per parcel by June 30<sup>th</sup> of each year so that the San Joaquin County tax assessor can collect charges through property tax bills.

The charge is imposed based on estimated groundwater use per parcel based on either County tax land use codes, or more accurate information provided by landowners through the Landowner appeal process. For example, parcels with the Irrigated Vineyard land use code are assumed to use 2 AF of groundwater per acre per year and parcels with the Irrigated Orchard land use code are assumed to use 2.8 AF per year of groundwater per year, (See Engineers report at page A-2).

For 2022-23 and 2023-24, the Board set the charge at \$15 per AF which generated approximately \$2.4 million in revenue and 2024-26 at \$20 per AF which generated approximately \$3.2 million in revenue. Staff is requesting that the Board provide direction to staff regarding the 26-27 fiscal year and the amount of the charge, which cannot exceed \$25 per AF. This direction will allow staff to prepare the appropriate notice and proposed resolution to impose the 2026-27 groundwater charge at the June 2025 board meeting.

There are a number of issues that impact the Boards decision to increase the charge at this time. The first and most obvious is the state of the market for land and crop values. Both continue to be at historic lows with many grape contracts canceled in the last year as wine consumption falls. Countervailing this obvious market distress on District Landowners are the demands of the Sustainable Groundwater Management Act (SGMA) which are not abated by the current economic situation.

The District just published its draft Master Facilities Plan. The plan as set forth in the table below calls for construction of over \$36 million in projects necessary to comply with SGMA in the next ten years. Currently the District must fund \$32 million of that total with District (rather than grant) resources.

IMPROVEMENT ELEMENT	PROJECT TOTAL (2025 \$)	SECURED PROJECT FUNDING	BALANCE (2025 \$)
<b>SHORT TERM (3 YEARS)</b>			
North Pump	\$3,111,000	\$(3,000,000)	\$111,000
South Mainline - 3	\$7,229,000	--	\$7,229,000
South System Recharge 1	\$3,749,000	\$(1,000,000)	\$2,749,000
<b>MID TERM (5 YEARS)</b>			
North System Recharge	\$3,999,000	--	\$3,999,000
<b>PLAN TERM (10 YEARS)</b>			
South Mainline - 2	\$8,224,000	--	\$8,224,000
South Mainline - 1	\$2,998,000	--	\$2,998,000
South System Recharge 2	\$5,932,000	--	\$5,932,000
<b>FLOW MEASUREMENT ELEMENT</b>			
Pixley @ Pump Station	\$340,000	--	\$340,000
Pixley @ West Lane	\$340,000	--	\$340,000
East Ditch @ Bear Creek	\$240,000	--	\$240,000
<b>TOTAL</b>	<b>\$36,162,000</b>	<b>\$(4,000,000)</b>	<b>\$32,162,000</b>

As demonstrated above, we have about a \$32 million short-fall to fund the desired projects to get the District's North and South System projects completed to maximize use of Permit 10477, and begin to use a portion of our proposed new water supplies for both direct and in-lieu groundwater recharge over the next ten years. While some funding will come from landowners using surface water, through improvement district assessments, most of the capacity of these projects will be used for groundwater recharge and should be paid for with the groundwater charge.

Moreover, the District has other management, planning and operation costs that the groundwater charge funding must cover, such as the required groundwater monitoring, costs to pump and deliver water to recharge projects, annual DWR reporting and GSP updates, and the staff costs for all of the above.

The District could address the cash shortfall through bond funding. However, bond funding will not be an option until the District's audits are completed, which is projected to happen sometime in late 2026. And at current rates staff projects the District's bond capacity is only about \$19 to 20 million. The projected additional \$600,000 in revenue associated with the increase would push the Board's bonding capacity to about \$30 million, and much closer to the \$32 million mark set by the Draft Master Facilities Plan. As such Staff recommends that the Board direct staff to begin the process to impose the groundwater charge at the option increased \$25.00 rate.

The Board can always charge a lower amount in the future after capital projects are constructed, but if the board does not increase the charge within the first five years it may not be able to increase it thereafter within the maximums described in the Engineer's report without undergoing another costly and unpredictable Proposition 218 proceeding.

**RECOMMENDATION:** Provide Direction to Staff on whether to prepare a notice of hearing to impose a groundwater charge of \$25.00 per AF for the 2026-27 fiscal year for the June 2026 board meeting, and other related actions.

**FISCAL IMPACT:** Dependent on Board Action.

**MEMORANDUM OF UNDERSTANDING  
TO STUDY AND DEVELOP A CONCEPT FOR A  
LONG-TERM GROUNDWATER BANKING PROJECT  
AMONG**

**EAST BAY MUNICIPAL UTILITY DISTRICT, NORTH SAN JOAQUIN WATER  
CONSERVATION DISTRICT, AND STOCKTON EAST WATER DISTRICT**

This Memorandum of Understanding (**MOU**) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2026 by and among North San Joaquin Water Conservation District (**NSJWCD**), Stockton East Water District (**SEWD**), and East Bay Municipal Utility District (**EBMUD**) for the purposes described herein. Each agency hereinafter may be referred to individually as “**Party**” or collectively as “**Parties**.”

**Recitals**

WHEREAS, California is impacted by droughts and climate change which have highlighted the importance of building a resilient, sustainable, and diverse water resources strategy; and

WHEREAS, the Sustainable Groundwater Management Act (SGMA) was passed in 2014 in response to continued overdraft of California’s groundwater resources and to achieve long-term groundwater sustainability; and

WHEREAS, SGMA required existing local agencies to form groundwater sustainability agencies (GSAs) and develop groundwater sustainability plans (GSPs) in high- and medium-priority basins; and

WHEREAS, the Eastern San Joaquin Groundwater Subbasin (Subbasin) is a critically overdrafted groundwater subbasin managed by 16 GSAs including NSJWCD and SEWD, who have committed to implement projects and management actions to achieve sustainability by 2040; and

WHEREAS, the 16 GSAs adopted a GSP which includes developing a Long-Term Conjunctive Use Groundwater Banking Project (the Long-Term Project) in partnership with EBMUD as a project to help achieve groundwater sustainability; and

WHEREAS, EBMUD, NSJWCD, San Joaquin County (SJC), SEWD, Central Delta Water Agency, and South Delta Water Agency entered into a Protest Dismissal Agreement (PDA) in November 2014; and

WHEREAS, under the PDA, EBMUD, NSJWCD, and SJC agreed to fund a pilot demonstration groundwater banking project known as the DREAM Project, which EBMUD, NSJWCD, and SJC successfully implemented and completed in April 2024; and

WHEREAS, the PDA also provides that EBMUD will provide water to NSJWCD (and in some cases SEWD) (“PDA Water”) for groundwater banking, on certain terms and conditions, including issuance of an export permit from SJC by December 31, 2030; and

WHEREAS, the Parties desire to enter into this MOU to collaborate for purposes of studying the feasibility of the Long-Term Project, as well as to develop the facilities plan, evaluate any

regulatory approvals, perform technical studies, and determine whether the Long-Term Project could serve as the banking project contemplated by the PDA; and

WHEREAS, the Parties have described their collective goals for the Long-Term Project in Section 3, and the Parties intend to cooperate to achieve these goals as set forth herein.

NOW, THEREFORE, the Parties agree as follows:

## **1. PURPOSE**

The Parties have preliminarily conceptualized the Long-Term Project as a conjunctive use groundwater banking project that would deliver Mokelumne River water that is available to EBMUD under its water rights for direct and in-lieu recharge within NSJWCD's and SEWD's service areas, using up to 8,000 AF per year of water available under the PDA and up to 56,000 AF per year in the future if determined feasible and appropriate by all Parties.

The purpose of this MOU is to (a) establish collaboration between EBMUD, NSJWCD, and SEWD in developing the concept for the Long-Term Project that is phased with progressively increasing groundwater banking and extraction capacity, (b) to evaluate the feasibility of the Long-Term Project, and (c) to inform the development of project agreements for the Long-Term Project, including groundwater banking agreements and operations agreements. No Party shall be obligated to proceed beyond the feasibility and conceptual study activities described herein without entering a subsequent, binding agreement approved by its governing board.

## **2. WORK PRODUCTS TO BE PREPARED**

The Parties will collaborate to prepare the following work products for the purpose of developing the Long-Term Project concept and evaluating its feasibility:

- a) Draft proposed Long-Term Project plan describing project implementation approach in phases, with the first phase being the implementation of the PDA terms 1, 2, and 3, to be prepared and funded by the Parties.
- b) Draft water rights change petition(s) and corresponding environmental documentation to be led and funded by EBMUD and reviewed by NSJWCD and SEWD.
- c) Draft groundwater export permit application identifying the permit's proposed terms and conditions along with the monitoring plan information to be prepared and funded by the Parties.
- d) Technical memorandum detailing the proposed facilities for each project phase to be prepared and funded by the Parties. This effort is anticipated to include assessing the conditions of existing facilities along with identifying the capacities and viable locations of new facilities.
- e) Technical memorandum summarizing results of studies characterizing the Eastern San Joaquin Subbasin recharge and extraction response to the Long-Term Project to be prepared by a consultant and jointly funded by the Parties. The studies to be conducted are expected to include evaluation of groundwater level, quality and movement in response to recharge and extraction from the Long-Term Project.

The Parties shall have no obligation to prepare work products 2.a and 2.c through 2.e until the Parties agree to a separate funding agreement or agreements addressing these work products.

Notwithstanding the cost allocation concepts outlined in this Agreement, the Parties agree to cooperate to seek and apply for grant funding for activities contemplated by this Agreement if available and each Party approves such applications. After completing deliverables 2.a through 2.e, the Parties will meet and confer to determine which phases of the Long-Term Project are viable and, if so, will prepare the following:

- f) Preliminary cost estimate and the draft principles of agreement on the contributions and benefits for each Party.

### **3. COLLECTIVE GOALS**

The Parties' collective goals for the Long-term Project are identified below.

- a) Expand party collaboration to implement responsible stewardship of the Mokelumne River resource.
- b) Establish and operate a groundwater banking program in a sustainable manner to improve groundwater conditions, including groundwater level and quality, in the Subbasin.
- c) Maintain each Party's ability to operate its respective facilities to meet water supply goals and objectives while also supporting other Parties where possible.
- d) Maintain a collaborative, inclusive, transparent, and respectful partnership with Parties and other Mokelumne River stakeholders.
- e) Implement equitable cost- and risk-sharing among Parties and other stakeholders.
- f) Prepare environmental documentation in collaboration with Parties, San Joaquin County, and other agencies as appropriate.

### **4. RESPONSIBILITIES OF THE PARTIES**

General commitments of each Party are as follows:

- a) Work cooperatively to help achieve the goals as provided in Section 3.
- b) Work cooperatively, including committing staff time and sharing information and documents to support development of the Long-Term Project concept in phases.
- c) Work collaboratively on public outreach related to the Long-Term Project.
- d) Share relevant engineering, permitting, regulatory and operational information regarding its own facilities, studies, and permits, subject to appropriate measures to protect confidentiality where applicable.
- e) If needed, commit staff time to conduct necessary analyses of its own facilities, permits, operational data, procedures or requirements, or any other data needed for consideration and share the information with other Parties.
- f) Hire consultants or otherwise expend financial resources as each Party determines necessary or appropriate to achieve the objectives of this MOU at its own expense.
- g) Each Party will track the value of expenditures and in-kind contributions provided to perform the work described in this MOU.
- h) Provide appropriate level of oversight and review of any work products.
- i) Coordinate with the other Parties on all media outreach, media responses, and messaging, prior to any media outreach.
- j) Coordinate with the other Parties on all Federal, State, or other funding efforts and determine how the funding will be allocated to the project.
- k) Each Party will be responsible for its own financial evaluation of the Long-Term Project.

- l) Each Party, and any and all consultants retained by a Party or Parties, shall comply with the confidentiality provisions of the Parties' Common Interest Agreement signed **DATE, YEAR** requires.
- m) No Party's participation under this MOU shall be construed as approval of any water rights petition, export permit, or facility development proposal. Each Party retains full authority to approve, condition, or deny such future actions in the exercise of its discretion and consistent with its statutory and regulatory responsibilities.

## 5. ADDITIONAL PROVISIONS

This MOU may be amended by the written agreement of all Parties.

A Party may elect to withdraw from the MOU at any time and for any reason upon written notice to other Parties. A withdrawing Party shall have no liability or further obligation to the other Parties arising from this MOU.

This MOU is not intended to benefit any party except the signatories hereto and shall not be deemed to give any right or remedy to any third party whether referred to herein or not.

This MOU does not require any Party to expend public funds, notwithstanding any contrary provision herein. Each Party retains sole discretion over its expenditure decisions except as may be provided by separate written agreement.

This MOU does not create or constitute a joint powers authority, partnership, or joint venture between the Parties, nor does it render any Party the agent of the other Parties. Except as explicitly provided in this MOU, no Party shall become liable to the other Parties, or any of them, by virtue of any representation, act, or omission of such Party.

This MOU may be executed using digital or electronic signatures and/or may be executed in counterparts, each of which shall constitute an original and all of which together shall constitute one and the same agreement.

This MOU will terminate when the work products outlined in Section 2 have been completed or by mutual written agreement of all Parties.

## 6. NOTICES

Each Party shall promptly notify the others of any proposed regulatory filing, funding application, or communication with external agencies that references, relies upon, or is intended to advance the Long-Term Project concept.

Any notice, demand, or request made in connection with this MOU must be in writing and will be deemed properly served if delivered via electronic mail (e-mail), in person, or sent by United States mail, postage prepaid, to the addresses specified below:

EBMUD:                   Linda Hu  
                                  Manager of Water Supply Improvements  
                                  East Bay Municipal Utility District 375  
                                  Eleventh Street, M.S. 407  
                                  Oakland, CA 94607

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A Party may change its designated recipient for notice by providing notice to all other Parties in accordance with this Section.

**East Bay Municipal Utility District:**

\_\_\_\_\_  
Signature Title Date

**North San Joaquin Water Conservation District:**

\_\_\_\_\_  
Signature Title Date

**Stockton East Water District:**

\_\_\_\_\_  
Signature Title Date

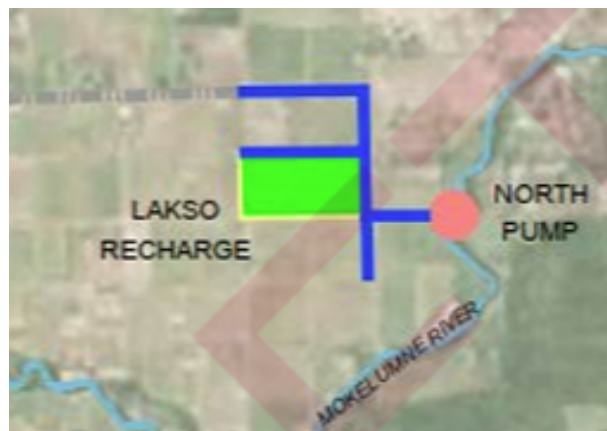
**PETITION FOR THE FORMATION OF  
IMPROVEMENT DISTRICT NO. 4, TO BE KNOWN AS  
THE NORTH SYSTEM SURFACE WATER USERS IMPROVEMENT DISTRICT**

**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 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 or evidence of title of all the tracts of land situated within the boundaries of the proposed improvement district.

2. PLANS: The plans and purpose of the Project of the proposed improvement district (ID No. 4) are as follows:

- 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 Tretheway Road.
- b. The District recently completed reconstructed the North System main line along a portion of Tretheway Road and portion of Acampo Road, as shown below:



- c. The facilities described in subsections 2a and 2b 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 \$8 million dollars. The District has or will fund these facilities with approximately \$7 million in grant funding, approximately \$600,000 in groundwater charge revenue and approximately \$400,000 in ID No. 4 assessments . Therefore, the District seeks an equitable contribution towards the capital costs of the Project facilities from the lands that will receive surface water from these facilities, in the amount of \$400,000.
- e. The undersigned landowners represent owners of land that can be served from the North System Project described herein and are willing to contractually agree to assess themselves \$66.67 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 ID No. 4. Additional acres may elect to join ID No. 4 provided:
  - 1. The total acreage in ID No. 4 does not exceed 600 acres (which limit may be revised by a majority vote of the members of ID No. 4); 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  $\$70 \times 3 \text{ yrs} \times 10 \text{ acres} = \$2,100$ ] plus interest on the prior assessments at the same rate paid by the District for any borrowed funds for the Project; AND

3. All landowners that join ID No. 4 must 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 \$66.67 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 ID No. 4 with a 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 ID No. 4 for irrigation purposes. 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.

- 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. 4 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.
- c. 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 for irrigation in Dry, Critically Dry and most Below Normal year types.

6. LANDOWNER TURNOUTS AND DIVERSIONS. Landowners in ID No. 4 are responsible for installing any facilities necessary to divert and take water from the District's North 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 shall be metered with meters approved by the District and installed at the Landowners' expense.

7. SURFACE WATER CHARGE: Landowners in ID No. 4 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.

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

9. MODIFICATION: The terms and conditions of ID No. 4 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. 4.

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 ID No.4.

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 \$66.67 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 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.

Execution Copy

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**

<b>Parcel/Acres</b>	<b>Landowner</b>	<b>Signature and Date</b>
172-240-09 – 75.67 acres	John Lakso and Helen Lakso, Trustees of the Lakso Family Trust	
172-240-08 – 79.09 acres	John Lakso and Helen Lakso, Trustees of the Lakso Family Trust	
172-220-01 – 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 – 9.8 acres		
017-240-13 – 29.35 acres		
017-240-04 – 38.41 acres		
017-240-05 – 39.31 acres		
017-260-38 - 73.39 acres	Robert L. & Carolyn W Reynolds Family LLC	
017-260-15 79.38 acres	John Graffigna Family LP	

**598.61 acres as of 3/25/26**

Execution Copy

**EXHIBIT B – MAP OF IMPROVEMENT DISTRICT NO. 4 LANDS**

P.O. Box 334, Victor, CA 95253

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**PREPARED BY:** Petrea Marchand, Consero Solutions  
Steve Schwabauer, General Manager

**RECOMMENDATION:** Receive Update on 2026-27 State Budget Proposals and North San Joaquin Water Conservation District Project Funding Opportunities

**BACKGROUND:**

Governor Newsom released his proposed 2026-27 State budget on January 9, 2026, which proposes additional allocation of Proposition 4 funding to various State agencies. The Legislature is currently reviewing the proposed Proposition 4 allocations through the budget subcommittee process in both the State Senate and the State Assembly. The 2025-26 budget included significant funding for SGMA, SWEEP, and the Multibenefit Land Repurposing Program but contained only \$500,000 for the Integrated Regional Water Management Program. The 2026-27 budget contains additional funding for the Sustainable Groundwater Management Act Implementation Grant Program and the Multibenefit Land Repurposing Program. The District’s Master Plan, currently under development, will help identify priority projects for which the District should pursue Proposition 4 and other funding.

**DISCUSSION:**

**1. California Department of Water Resources Sustainable Groundwater Management Implementation Grant Program**

Project Name: N/A

Amount Requested: TBD

Amount of Cost Share: TBD

Release Request for Grant Application: 2026/27 TBD

Application Due: TBD

**Status:** The Department of Water Resources will host a workshop on April 30, 2026 to discuss next steps with this program, as the proposed 2026-27 budget includes a total of \$20 million from Proposition 4 for this program, in addition to \$30 million appropriated in the 2025-26 budget. Keith Wallace with the Department indicated the Department will distribute the funds in a single funding round tentatively scheduled for May/June 2027. Mr. Wallace also indicated the Department will update the existing SGMA Implementation Grant Program guidelines and award all the funds through this program.

**Context:** Section 91012 of Proposition 4 states: “Of the funds made available by Section 91010, three hundred eighty-six million two hundred fifty thousand dollars (\$386,250,000) shall be available...for projects related to groundwater storage, groundwater banking, groundwater recharge, or instream flow projects that support the conjunctive use of groundwater and surface water supplies.”

**2. California Department of Food and Agriculture (CDFA) Office of Environmental Farming and Innovation State Water Efficiency and Enhancement Program (SWEEP)**

Project Name: N/A

Amount Requested: TBD

Amount of Cost Share: TBD

Solicitation Release Date: January 20 – February 18, 2026

Concept Proposal Opens: April 2026

Full Proposal Notification: June 2026

Application Due: August 2026

Award Notification: September 2026

Award Execution: January 2027

**Status:** The Department of Food and Agriculture has confirmed they will offer another SWEEP Block Grant Program solicitation in 2026 consistent with the following schedule:

- April 2026: Concept proposal opens
- June 2026: Full proposal notification
- August 2026: Full proposal close
- September 2026: Award notification: September 2026
- January 2027: Award execution:

The Department closed the public comment period on the draft guidelines on February 18, 2026. The General Manager is coordinating with Stockton East and other partners to determine whether to apply for another SWEEP block grant, given the new SWEEP guidelines focus on disadvantaged communities. The District is likely to be less competitive for this round of funding because the District and partners received a \$5 million block grant in the last round.

**Context:** The proposed 2026-27 budget only contains \$700,000 for the SWEEP program, meaning the \$38 million appropriated in the 2025-26 budget is the only funding available for this program in 2026. Carolyn Cook with the Department has confirmed the Department will not offer a SWEEP grant solicitation in 2027. Proposition 4 contains a total of \$40 million for the SWEEP program and specifically states funds “shall be available for the State Water Efficiency and Enhancement Program to promote on-farm water use efficiency with focus on multiple-benefit projects that improve resilience to climate change and save water on California agricultural operations.”

**3. Department of Conservation Multibenefit Land Repurposing Program**

Project Name: N/A

Amount Requested: TBD

Amount of Cost Share: TBD

Solicitation Release Date: TBD

Application Due: TBD

**Status:** On March 16, 2026, Shanna Atherton, the Division Director of Land Resource Protection at the California Department of Conservation, emailed Consero and said the Department will release draft guidelines in mid–spring 2026. The 2026-27 proposed budget includes an additional \$65 million for the Multibenefit Land Repurposing Program, which adds to the \$32 million appropriated in the 2025-26 budget for a total of \$97 million appropriated from available Proposition 4 funding thusfar. There is a total of \$200 million available for this program in Proposition 4.

**Context:** In January 2025, the Governor proposed \$12 million for the Multibenefit Land Repurposing Program in 2025-26 and \$51 million in 2026-27. The State Legislature increased the proposed amounts to \$65 million in 2026-27 and \$32 million 2025-26, demonstrating the State Legislature’s support for this program. The District had declined to apply to the Multibenefit Land Repurposing Program in the past because the program did not allow the District to count groundwater recharge or demand reduction through program-funded projects towards its water budget. District staff will review the updated guidelines to determine whether the Department has addressed this issue.

**4. Department of Water Resources Watershed Resilience Program (formerly Integrated Regional Water Management Program)**

Project Name: TBD

Amount Requested: TBD

Amount of Cost Share: TBD

Solicitation Release Date: TBD

Application Due: TBD

**Status:** The Department of Water Resources has transitioned the Integrated Regional Water Management Program into the [Watershed Resilience Program](#). The Department will provide more information about this new program as part of the April 30, 2026 workshop which also includes an update on the SGMA Implementation Grant Program. The Department anticipates releasing a grant solicitation of approximately \$152 million in 2027. According to Keith Wallace, at the Department, the \$152 million combines the \$100 million available in Proposition 4 for integrated regional water management with a portion of the \$75 million from Section 91010 of Proposition for “projects that increase water conservation in agricultural and urban areas.” The Department awarded the first ever pilot project grants under this program in 2024 to five regional planning efforts, including one led by Stockton East Water District.

**Context:** There is \$100 million in Proposition 4 funds for integrated regional management but only \$2 million is proposed for allocation in the 2026-27 budget, adding to \$500,000 appropriated in the 2025-26 budget. Proposition 4 states these funds should be used for “integrated regional water management to improve climate resilience on a watershed basis, hence the transition to the new Watershed Resilience Program. s