



MID workshop addresses host of issues related to District's future operations

Final Merced River Hydroelectric Project relicensing report has both benefits and challenges

January 28, 2016

Some beneficial modifications have been made to a federal environmental document that will prescribe future operation of the Merced Irrigation District's New Exchequer and McSwain Dams. The modifications come on the heels of significant local community support, including written letters and oral testimony during a town-hall meeting last year with federal regulators. Still, many challenges remain ahead in the relicensing of the Merced River Hydroelectric Project, which could hinder MID's ability to store and deliver water to its growers.

That was the message delivered today during a large public workshop at the Merced Fairgrounds. Approximately 100 growers, concerned residents and local elected officials attended the meeting.

The Water Resources Management Plan was also discussed at the workshop today.

Key topics included:

- Issues related to water deliveries for MID's Class I and Class II water users
- Lands within MID but not currently using surface water
- Potential benefits and concerns associated with possible future land annexations
- Water transfers

WATER RESOURCES UPDATE

CLASS II TO CLASS I BUY-UP

At some point in the future, the MID Board of Directors could decide to offer the opportunity to transition Class II water users into Class I MID water users. In 2004, Merced County's Local

Agency Formation Commission approved the consolidation of the El Nido Irrigation District with Merced Irrigation District. They joined as Class II MID water users and receive half of the water allocation received by Class I growers.

During earlier stakeholder outreach for the Water Resources Plan, there was discussion about a possible “buy-up” at some point in the future: potentially the MID Board could offer Class II users the opportunity to pay a fee to become Class I users and receive the same surface water supply availability as other MID growers.

Among possible benefits of the buy-up would be increased water delivery to Class II growers, as well as increased revenue to the District. There would also be a benefit to groundwater by Class II growers having greater access to MID surface water from Lake McClure. At the same time, there could be impacts to water reliability for Class I users.

STANDBY PROPERTY OWNERS

Within MID, several property owners are currently paying a “standby fee” for the District's surface water but either do not have connections to the District’s delivery system or they do not take surface water. This creates a significant degree of uncertainty about future surface water supply as MID plans for the future.

Approximately 100,000 acres within MID receive surface water. Another 26,000 acres of land are within the District, paying standby fees, but not receiving MID surface water.

During the workshop today several possibilities were discussed to potentially address the uncertainty.

FUTURE LAND ANNEXATION

Also discussed was the possibility of future land annexation for parcels outside the MID boundaries. A potential benefit would be increased ag land to offset projected land losses within MID boundaries resulting from future urbanization. Additionally, there would be some financial benefit to MID from the annexation. However, the annexation could impact existing MID customers’ reliability.

WATER TRANSFERS

Water transfers have the potential to bring additional revenue to the District from outside sales. Further, delivering surface water to in-basin groundwater users is a means of decreasing dependence on regional groundwater.

Potential impacts discussed today included the possibility of both reduced surface-water reliability and supply to existing MID growers, depending upon agreements reached for water transfers.

No decisions were made by the Board at the meeting, nor were there any recommendations. The topics were for discussion only and will be discussed further in coming workshops.

The next workshop will focus on the financial model developed as part of the Water Resources Plan. This model will be used to allow the Board to evaluate various operational scenarios in real time and understand both the financial and water supply benefits and impacts. The scenarios to be developed would include a mix of water rates, levels of infrastructure investment, potential Class II to I conversions, potential annexations and water transfer scenarios. Each of these have been discussed at either current or past workshops.

Following the financial model workshop, additional workshops will be held to present the alternative evaluations and results of the scenarios developed. The Board will adopt a “preferred plan” and direct staff to begin development of the programmatic Environmental Impact Report which will serve as the MID formal Water Resources Management Plan.

FERC UPDATE

Also discussed during today’s workshop was the federal relicensing of the Merced River Hydroelectric Project, which includes New Exchequer Dam and Lake McClure, as well as McSwain Dam and Lake McSwain. The New Exchequer Project Final Environmental Impact Statement (EIS) was released by the Federal Energy Regulatory Commission in December. Spanning 840 pages, it describes the amount of future water that must be released downstream for the environment. The increased releases of water will have a direct effect on MID’s ability to store water in Lake McClure for irrigation and other beneficial uses in eastern Merced County for several decades.

MID has been working toward the federal relicensing of New Exchequer for several years. The lengthy process includes numerous required studies, as well as significant public input.

In April of 2015, approximately 250 farmers, residents, business leaders and elected officials attended a local meeting with federal regulators to share their objections and concerns about the preliminary Draft Environmental Impact Statement (draft EIS). In addition to citing concerns about water storage impacts on Lake McClure, many raised concerns about the impacts to local groundwater recharge that would result from diverting more water downstream and away from eastern Merced County.

During today’s workshop, MID provided an update on the new final EIS released in December. Among key discussion topics:

- MID will have a host of new requirements related to wildlife protection and monitoring.
- FERC opted to use MID’s water year methodology to determine water year types (wet, dry, etc.)
- FERC opted to maintain the existing minimum pool on Lake McClure.
- MID will be required to comply with a new flow regimen that will significantly reduce storage in Lake McClure in critically dry years.
- MID will now have a mandatory spring “pulse flow” release of water intended to help out-migrating fish.

The relicensing effort still faces several challenges moving ahead. Several processes including the State Water Resources Control Board, the National Marine Fisheries Service and the US Fish and Wildlife Service will continue. These processes could ultimately further impact operations as relicensing proceeds. Until a new license is issued, MID will continue operating under an extension of its original license.

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