

TO: Land Owners
FROM: Steve Chedester, Executive Director
DATE: March 3, 2014
Subject: Proposed Drought Action by State Water Resources Control Board

LANDOWNER CALL TO ACTION

Landowners need to contact their Legislators as soon as possible to elicit their help in prevailing upon the State Water Resources Control Board (SWRCB) to make the right decision for the communities of the San Joaquin Valley.

Landowners need to utilize their membership in service, community and industry associations to solicit support and assistance of allied business and community leaders and request that they contact their elected officials.

BACKGROUND

On February 15, 2014, The United States Bureau of Reclamation (USBR) notified the Exchange Contractors that due to extreme dry conditions our allocation will be somewhere in the range of 40% to 75% of the full Exchange Contract supply.

The USBR's estimate of 40% deliveries was always based upon the Exchange Contractors receiving water from both the Delta Mendota Canal and receiving the entire runoff from the Upper San Joaquin River.

The California State Water Resources Control Board (SWRCB) staff responded to the USBR's allocations by now interpreting the temporary urgency order to not allow delivery of Delta-Mendota Canal water to the Exchange Contractors when Delta outflows fall below certain standards.

- The order by the SWRCB is unprecedented in that it is claimed to be for the purpose of trying to keep enough storage in the reservoirs to be able to deliver water for municipal "health and safety" needs through 2015 even if extreme dry conditions persist. While there is no clear definition of public health and safety, it includes drinking water, fire safety and dust mitigation.
- Exchange Contractors, other water contractors in the state, and the USBR have analyzed this plan and determined it to be infeasible and unjustified.

POTENTIAL IMPACTS OF THE SWRCB ACTION

Livelihoods, businesses and jobs are at stake. No deliveries from the federal Jones Pumping Plant means a reduction of the Exchange Contractors' 40% to 50% March allocation to 5% to 15% should the SWRCB prevail over USBR, other water contractors, and the Exchange Contractors.

While there are some groundwater resources available within our service area, they are not spread evenly throughout. About 80% of the growers within our service area do not have their own wells. This means over 200,000 acres (or 83% of our lands) could be fallowed in the Exchange Contractors' service area, which translates to over \$800 million loss to the region from the Exchange Contractors service area in just one year. In addition, having to replant 28,000 acres of existing permanent crops in our service area and care for them for 5 years will cost over \$200 million.

The economic impact to these small rural communities is staggering. Approximately 46% of the total employment in the Exchange Contractors' service area and those communities is agriculturally related. For the communities of Mendota, Firebaugh, Dos Palos and Crows Landing this number increases to 84%. Over 4,000 jobs within our service area and communities could be lost.

The above damages do not even consider the long-term implications of this action by the State Water Board. If the State Water Board continues down this road, think of the financial institutions whose first question to our growers are "Do you have water and do you have senior water rights?" This is a **direct** attack on the senior water rights and the Water Board is attempting usurp these rights with no foundation or definition of what they are truly trying to protect. These water rights are the foundation of the whole CVP and SWP.

ACTIONS TO DATE

On February 28th, the Exchange Contractors and other water contractors filed official protests with the SWRCB to challenge the temporary urgency order. We have also reported the economic disaster that will result if the SWRCB impacts our 2014 water supply and water rights. Moreover, we are working together with the USBR to provide a viable plan of operation for 2014 cognizant of the highly uncertain hydrology we face but including the ability to take advantage of opportunities such as pumping more water during a storm events such as we've seen over the last few days, or a wetter March or April.

Should the Exchange Contractor's and other water contractor's official SWRCB protests or the joint USBR plan fail, we are prepared to be in State and Federal Court.

The Exchange Contractors and other water contractors have also mobilized legislators in both Congress and the State Legislature to prevail upon the SWRCB to relax the temporary emergency order and allow for deliveries to be maintained. Based on our action several San Joaquin Valley legislators plan to attend a meeting of the State Board of Agriculture in Merced on Tuesday March 4th, where the Governor's drought task force is scheduled to give a presentation.

EXCHANGE CONTRACTOR MESSAGE TO THE USBR & SWRCB

1. Uphold, Defend and Protect California Water Rights.
2. Look at all the data and technical evidence and make a sound policy decision.
3. Your decisions will have a long and lasting effect on the local, regional and state economy.
4. The needs of Agriculture, the industry responsible for the land stewardship and employing the largest number of workers, are being ignored.