

TID TIDINGS

Newsletter of the Tulare Irrigation District

OPEN HOUSE AT NEW HEADQUARTERS

Board of Directors

David Bixler
President

Richard Borges
Vice President

Michael Thomas

Scott Rogers

Dave Martin



J. Paul Hendrix
General Manager

The Board of Directors holds regular public meetings on the 2nd Tuesday of every month at 9:00 am at the District office in Tulare.

May 14th was a proud day for TID and its staff as we showcased our new facilities at 6826 Avenue 240. An estimated 300 to 400 people showed up to enjoy lunch, tour the grounds and view a bit of local and regional water history on pictorial display in the administration building.

Many thanks go to a number of staff who put in a lot of overtime, much of which was off the payroll, to prepare for the event. With the graphical arts assistance of Lesley Gleason & Assoc., the numerous pictures of educational water history were printed and framed right at the office. Barbecued meat was donated and cooked on site by Jimi Valov, Ronnie Clark, Mark and Brian Watte, and Dino Simoni. Fine wine was donated by the Lagomarsino family in honor of long-time board member Frank Lagomarsino.



TID's open house new facility dedication to David L. Zack

Pictured left to right: Tulare City Mayor Craig Vejvoda, TID Board President David Bixler, General Manager Paul Hendrix and TID Board Director Mike Thomas

Highlighting the event was a dedication to David Zack who had been the District's manager for many years. A plaque in his honor resides by the flag pole and reads "On what was once known as the Martin Ranch, this new facility is dedicated in memory of David L. Zack who, in 1950, oversaw the construction of the District's first home on San Joaquin Avenue in Tulare. Since his employment in 1948 he faithfully served in various capacities at the District, including as its manager, until his passing in July 2009. He provided leadership during one of the District's most eventful eras, one which included acquisition of water from the Friant Unit of the CVP and construction of Terminus Dam on the Kaweah River. David remained loyal to the District for over five decades and was proud and respectful of its role in providing irrigation water services to Tulare area farmers."

Prominently displayed in the building's entrance is a pictorial time line of TID's historical relationship with the City of Tulare. At the dedication, City Mayor Craig Vejvoda spoke to open house attendees and gave special recognition to the importance of water in the prosperity and development of both the City and surrounding farming enterprises.

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Friant Water Contract—Progress Towards Permanency

The twenty-plus water districts served by the Friant Unit of the CVP will have a significant decision to make this fall regarding their respective contracts for water service from USBR. They will have the opportunity to alter the current expiration date of 2026 to a term that is perpetual, i.e., no expiration. On its face, what district wouldn't want a permanent right to water in a contract? While this decision may seem on its face to be quite obvious, it comes with some degree of financial uncertainty as will be later explained.

Background

The Friant contracts first came with a 40-year term which ended around 1990. The effort to renew drew challenges from environmental interests and we recall that story all too well – several prominent environmental groups, led by National Resources Defense Council, sought to intervene in the renewal effort and their numerous claims led to a protracted 20-year legal battle. In the midst of all this the contracts were finally renewed, this time for only 25 years at the insistence of the federal government. However, the lawsuit continued and culminated in the San Joaquin River Settlement. The Settlement needed authorizing legislation to implement and the legislative protocol required a source of money to proceed with the Settlement's river restoration projects.

As the legislation in D.C. stalled, Friant suggested that they be granted a permanent right to contract water entitlements, a step that requires the full payout of all existing capital debt (to pay for original project construction costs) owed on CVP facilities. "You could then use the money as a jump start on the restoration effort" they said, and it didn't take long for USBR and NRDC to agree, as this offer would then move the legislation closer to passage. "One catch," they added, that is "the debt we owe is interest-free and we'll have to borrow with interest to pay it off." The financing costs to pay the debt were then analyzed and a means to provide an offset were negotiated.

The New Contract

So the Friant districts were offered the opportunity to convert their contracts from what are known as "water service" to "repayment" contracts. A key distinction between the two is the former have a limited term and the latter do not as the right to water is perpetual. Other provisions were negotiated into the new contracts which are advantageous to Friant districts. These include the removal of acreage limitations on the delivery of CVP water, elimination of higher priced water in wetter years of increased diversions, streamlined approval of water transfers among districts, and a greatly simplified process to move non-CVP water through Friant facilities.

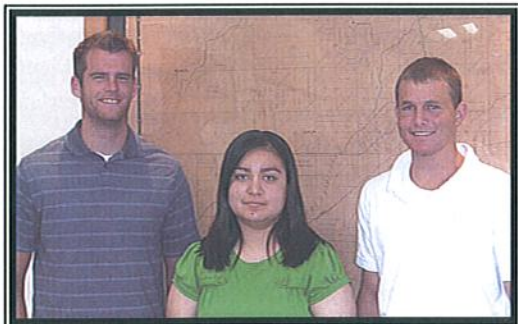
Decision Point

The final form of the new contract was finally arrived at in June after six months of intensive negotiations. It's now out for the required public review and the Friant contractor boards are each taking the necessary steps to approve the form of contract, complete environmental compliances, and prepare for the financing necessary to come up with the money to pay off their respective capital debt. This fall it will be time to fish or cut bait on whether to sign the new contract or not. The TID board will be weighing the benefits of the new form of contract with the financial implications that come with acquiring it. Under evaluation will be interest rates for a bank loan or bond issuance, the federal discount rate applied on what we owe, and projections of annual CVP water deliveries on which offsetting credits are to be applied. As of now, TID will need to come up with about \$10 million to get on board with the others who will be converting to the new contract.

Not since the original contract was signed in 1950 has there ever been a more important Friant-related decision in front of the Tulare Board of Directors. Stay tuned for more on this in the third or fourth quarter issues of TID Tidings.

"There are different types of water rights to use water in the state. Common to the Central Valley are two such rights – one is a permit granted or recognized by the state to divert water from a stream or river source. As long as one beneficially uses the water the right essentially cannot be taken away, at least under the current form of state water laws. Water contract rights – like those assigned to TID and other Friant districts from the U.S. – are not nearly as secure. Contracts expire and terms and conditions can change over time. When contracts are up for renewal, the right to continued water service is more easily challenged in court by interests seeking water for other purposes. Thus the considerable value in securing a perpetual right to water entitlement as provided in the new Friant repayment contract".

EMPLOYEE NEWS



Pictured from left are Jake Duffin, Maria Fernandez, and Josh Scheenstra

Summertime brings extra work here with the water diversions from our supply sources and the operation of the in-district canal and ditch delivery system. We've hired two temporary employees in the Water Dept. to assist with the accelerated activities. One is Jake Duffin and he comes to us on summer break from Westmont College in Santa Barbara. He plans to pursue a degree in engineering. He grew up in the Strathmore area where he helped on the family farm and enjoys sports and spending time with family and friends. The other is Josh Scheenstra on break from Calvin College in Michigan. He is pursuing a degree in engineering. Josh grew up in Kenya, Africa, where the annual rainfall is 1" - 2" per year. Josh stated that enough water to last the family one month would be brought home from the creek bed. Josh enjoys rugby, soccer, basketball and riding his dirt bike. TID has also hired another temporary employee to assist in the Administrative Department – her name is Maria Fernandez. She is helping us play catch-up with a number of filing and administrative tasks left undone during the move to the new office. She too is on college break from UC Merced where she is studying for a degree in sociology. Maria grew up in Pixley and enjoys spending time with family and friends.

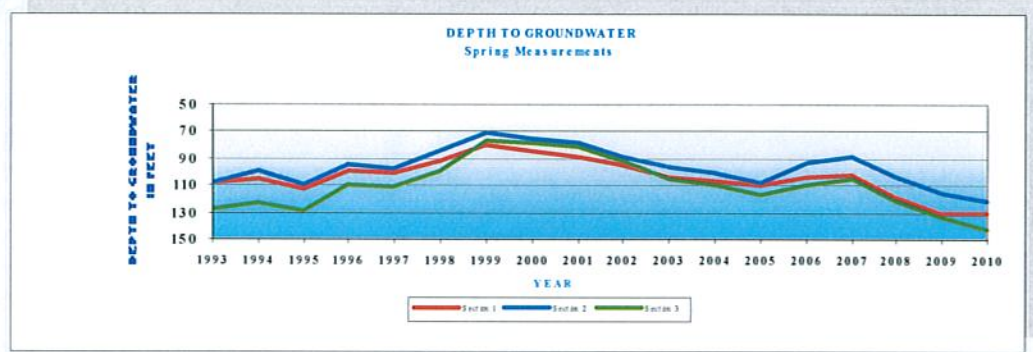
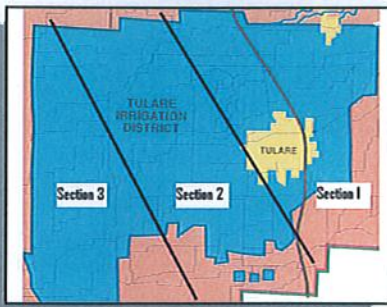
GROUNDWATER REPORT

As might be expected, depths to groundwater continued to deepen through 2009 and into the early spring of 2010. Compared to this time last year, average depths are lower by about 6 feet across the whole district. As the chart shows, however, the range from east to west is about holding even in the easterly section, a drop of 6 feet in the middle section, and a drop of 9 feet in the westerly section.

There has, however, been a rebound from last fall of about 6 feet on average. This year's winter has been above average with much of the precipitation/snow occurring late, so the bountiful water supply we are now receiving should go a long way in boosting levels as a result of direct recharge in basins and reduced groundwater pumping. As we finish out the irrigation season in the next two months or so and fall measurements are taken, we will see what was accomplished this year in recharge. We hope to see a rebound in levels in a year like this that's 125% of normal in overall surface supplies. If indeed there's no such rebound, then the future looks increasingly challenging. It would

mean that only in the very wettest of years, maybe one in every 10 or so, will groundwater levels rise. The other nine may only take us farther down in depths, a trend that can't go on forever without serious repercussions.

TID continues in its efforts to play a role in future groundwater management within the region. We are finalizing our Groundwater Management Plan and updating it from its first version adopted in 1992. The plan will help demonstrate our commitment to prudent groundwater management and operations and put TID in a favorable light to access state grant funding for groundwater projects. Staff is also participating in committee meetings regarding the implementation of recently-passed state legislation re groundwater monitoring requirements. This new law may be the first in a series of state mandates that will be designed to provide strong encouragement to the state's groundwater users to better manage the resource for future generations.



Water Supply Looking Good for 2010

What a relief after three long years of less than average water supply. Thanks to a really cold and wet late spring, a turnaround in 2010 is upon us. This year's snowpack was off to a decent start in early winter – above average – but some of the luster came off when we finished March with one of the driest such months in decades. Then came April and May with a series of cold snow-laden storms, one after the other. Water runoff projections kept ramping up with each new storm for both our local Kaweah watershed and that of our imported Friant supply from the San Joaquin watershed.

We are now well into the April through July runoff period showing to be at least 125% of normal for both watersheds. This translates into an extended summer irrigation run, probably one that will last into mid August. Coupled with prior surplus water diversions from Kaweah and Friant sources occurring each month since January, our total diversions for the year will be in the neighborhood of 230,000 AF, up from 149,000 AF last year.

As TID always strives to do in wetter years, we have been buying extra Friant supplies for sale from others and pursuing water management opportunities during surplus conditions when Millerton Lake has been near spilling. Likewise, on the Kaweah system we have purchased water for sale from other water right holders with the aim of boosting groundwater recharge deliveries within TID basins.

Also, this year's Friant supply brings with it a couple of positive aspects of the Settlement's Water Management Goal. USBR has, somewhat in advance, recognized restoration flow impacts and has allocated about 82,400 AF of Recovered Water Account (RWA) water to Friant. This water, intended per the Settlement to partially mitigate for water losses by providing low-cost water for groundwater recharge, is priced at \$10/AF and TID's share for 2010 is 8,300 AF.

In addition, the restoration flow releases have created, by exchange, water credits to Friant in San Luis Reservoir, and Friant districts are working hard on programs to deliver that water by exchange back to the east side. Such programs would constitute the first water recapture and recirculation projects as contemplated in the Settlement. The Tulare and Lower Tule districts have jointly put forth a program to deliver their respective shares of the San Luis water to Tulare Lake Basin WSD and, in turn, lake bed interests will assign local Kaweah and Tule supplies back to these two districts. If successful, Tulare should gain an estimated 5,000 AF from this exchange program.

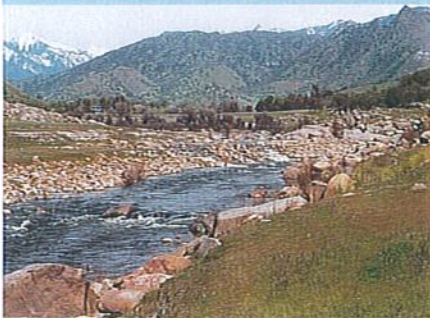
Both the low-priced RWA water and the potential recirculated water from Settlement restoration releases could total 13,000 AF of water which comes to TID as a result of the Settlement's hard-fought Water Management Goal provisions.

Tulare Irrigation District
6826 Avenue 240
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LOOK INSIDE...

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Visit Us At...
www.tulareid.org



Founded in 1889, Tulare ID was one of the first irrigation districts in California. Its purpose is to serve the water supply needs of the greater Tulare area, a rich and agriculturally diverse region within the Southern San Joaquin Valley. The water provided comes locally from the Kaweah River and is also imported from the Federal Central Valley Project.

Important Dates to Remember

June	20th—2nd Installment Due
July	4th—Independence Day 5th—Front Office Closed
August	15th—Anticipated end of irrigation run 6th, 13th, and 20th—Delinquent Publication Notice 10th—Board Fixed Time and Date of Board of Equalization Meeting 30th—Record Certificate of Sale—Tax Sales
September	14th—Date specified in the notice for the Board to act as a Board of Equalization to hear and determine objections to the valuation 24th—Board of Equalization Sessions Closed