



MADERA WATER DISTRICT

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February 10, 2023

Dear Landowner and/or Water User:

The purpose of this letter is to update you with information critical to your farming operation. In addition, an in-person meeting has been scheduled as follows:

March 3, 2023 at 3:00 p.m.
Specialty Crop Company Training Center
2532 Condor Drive
Madera, CA 93737

At the meeting, the District's manager and one or more directors will be available to discuss the issues confronting the District. In addition, in response to questions from landowners and water users, we would like to explain about the current issues facing the District.

Subordinate vs. Non-subordinate Lands

As we have written previously, the District and the State of California are undergoing a monumental change in how groundwater is regulated. The District's supplies are, in some years, entirely dependent on groundwater. Only a portion of the District is currently entitled to receive surface water supplies from the Madera Irrigation District ("MID").

There are two types of lands in the District: lands which are also subordinately annexed to MID and lands which are not subordinately annexed. If a parcel is subordinately annexed to MID, then those lands can receive what is called Class 2/Subordinate Water from MID. Those parcels which are not subordinately annexed are not entitled to receive that surface water. MID required that a separate pipeline be installed and that the District provide meter readings demonstrating that no surface water was delivered to non-subordinate lands. The District has no discretion to deliver that Class 2/Subordinate water to non-subordinate parcels.

However, during periods when the District is able to deliver surface water to the subordinate parcels, then there is a greater amount of groundwater available to the non-subordinate parcels. Therefore, even though the surface water is only delivered to the

subordinate lands, the non-subordinate lands receive an indirect benefit in better pressure and groundwater levels. As a result, the District seeks to provide subordinate parcels with MID water each time such water is available.

The District has been making efforts to bring the non-subordinate parcels into the general service area of the County of Madera. This would enable the District to purchase surface water from Madera County (which has a Bureau contract like MID) when excess surface water is available. The goal would be to deliver that surface water to the non-subordinate lands. The inclusion of the non-subordinate lands into the County's service area has not yet been approved by the Bureau. The County has been working on expanding their service area for more than two years. The District does not have an estimate of when such approval, if it happens, will take place. However, the District continues to monitor the situation with the County.

The District received a grant from the State of California to build what the District calls the Madera Lake Project. The goal of this project is to provide another place to store and deliver surface water to the District. Currently, the District can only receive surface water via Dry Creek. The Madera Lake Project will allow the District to receive surface water via the Madera Lake as well. The majority of this project is paid for by a grant from the Department of Water Resources.

Groundwater Issues Confronting the District

The greatest amount of the District's water supply is from groundwater. The Sustainable Groundwater Management Act ("SGMA") went into effect 9 years ago. SGMA limits the amount of groundwater a landowner or water agency can pump each year. The law provides the District and other landowners have until 2040 to reduce their groundwater extractions to an amount that will essentially stop the water levels in the District from dropping further. For example, this year the District's water levels dropped approximately 20 feet. For the District, this means that each acre of land would be entitled to approximately .5 AF of water. Currently, most parcels in the District receive approximately 1.5 AF per acre. Therefore, the District has a significant difference between the amount of water needed to irrigate pistachios and the amount of water allocated to lands in the District.

The District (and the other water users overlying the Basin) has until 2040 to achieve sustainability. Unfortunately, as a result of the drought the water levels in the basin underlying the District have been dropping. This makes it difficult for the District's wells to operate efficiently. The capacity of the District's wells has been dropping as a result of the lowering water levels. In addition, because of the lower water levels, the District's wells are experiencing problems with water quality, sand damage to wells, and methane gas releases from irrigation wells. The District continues to spend the funds to operate and maintain this equipment but the

dropping water levels are out of the District's control. The District is exploring drilling a single new well. However, the cost of that well would be \$750,000 to \$1,000,000 with no guarantee that the well would produce sufficient water. The wells drilled by the District in recent years have not been as productive as hoped.

In addition, although the basin has until 2040 to achieve sustainability, the California Department of Water Resources is not willing to let the water users in a basin to continue to deplete a basin when other users are harmed. In Madera County, there are many domestic irrigation wells which have begun to go dry, and the Department of Water Resources has been consistent that a domestic well mitigation program will be required to be funded by water users in the basin who are pumping more than their allocable share.

Rising Costs to the District and to Growers

The costs to operate the District and to provide water to landowners in the District continues to increase. As you know, inflation is hitting all areas of the economy. Pacific Gas & Electric Company has notified the District that energy prices will increase by approximately 10 to 20 percent. The amount of maintenance and repairs on the District's wells and pipelines have increased dramatically due to the dropping water levels and the impact of that on the District's facilities. The District's water rates have increased substantially over the recent years due to the cost of steel, water, power, and fuel. We are also aware that costs to farm have increased dramatically as well, with those same inflationary factors affecting your farming expenses.

We strongly encourage all landowners and water users to attend the meeting on March 3 to obtain information to help you manage your lands.

Very truly yours,

A handwritten signature in cursive script that reads "J. Gies".

John Gies
Manager