

DELANO-
EARLIMART
IRRIGATION
DISTRICT

THE MISSION OF THE DELANO-EARLIMART IRRIGATION DISTRICT IS TO PROTECT, ENHANCE, AND MANAGE THE DISTRICT'S WATER AND ENERGY RESOURCES AND RELATED ASSETS TO BENEFIT ITS GROWERS, THE COMMUNITY, AND THE REGION IT SERVES THROUGH OUTSTANDING CUSTOMER SERVICE, COMMITMENT TO QUALITY, AND LEADERSHIP IN THE WATER RESOURCES INDUSTRY.

BOARD OF DIRECTORS:

- Harold Nelson
President
- Peter Hronis
Vice-President
- Nick Canata
- Anton Caratan
- Kelley Hampton

Dale Brogan
General Manager

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2010 WATER SUPPLY PROVIDES OPPORTUNITIES

We noted in the Winter Quarter edition of the *DEID Pipeline* that the experts were seeing signs of an “El Niño” event for the 2010 water year, meaning above average water supplies. Looks like the experts got it right this time.

Long Range Forecast

We reported back in December that the National Weather Service Climate Prediction Center was seeing a strengthening of El Niño conditions and called for above-average precipitation for our area of interest: the southern Sierra Nevada Mountains. Sure enough, rain and snow fall amounts for this past winter were impressive. Unimpaired runoff on the San Joaquin River for the all-important April through July period is predicted at 1,550,000 acre-

feet, which is 124 percent of average. The 5-station index on the San Joaquin River watershed stands at 115 percent of average (see graph on this page).

Prediction Center Update

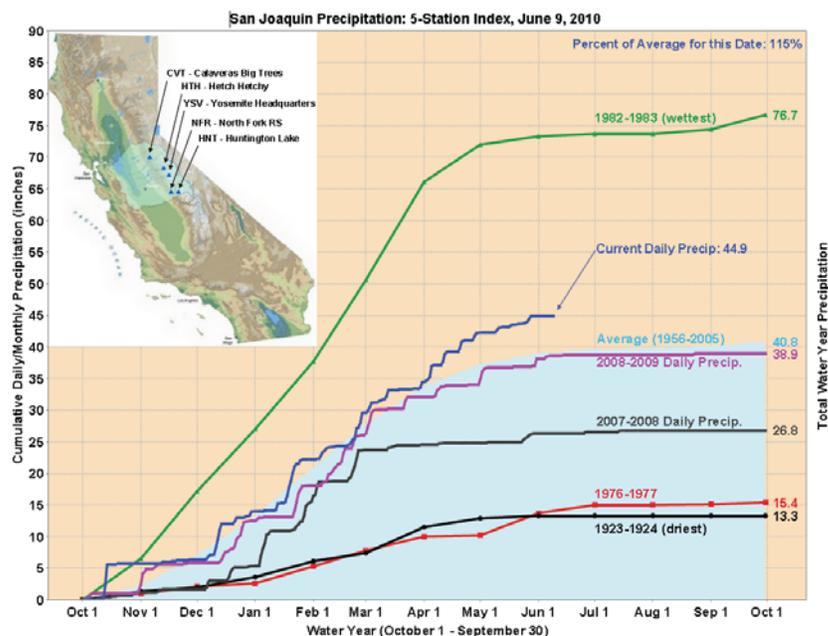
The June 3rd update from the National

Weather Service suggests a transition from an El Niño condition to La Niña during June through August. The Center reports that El Niño dissipated during May 2010 as positive surface temperature anomalies in the equatorial Pacific Ocean area decreased rapidly. It further reported that while the majority of models predict El Niño-neutral conditions through early 2010, over the last several months, a growing number of models indicate the onset of La Niña conditions during June-August 2010.

Excellent 2010 Water Supplies

The result of all this good news is a plentiful water supply for DEID water

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CONSTRUCTION ABOUNDS IN DEID



New Surge Stand on Avenue 40 east of the Friant-Kern Canal being installed earlier this year.

DEID has had a number of construction projects either completed or started in 2010. Here are the major construction activities that we have had going this year.

Surge Stand Replacement

The largest surge stand in the District was replaced earlier this year under a contract with Granite Construction. The 72-inch diameter stand that is 60 feet tall had to be replaced due to the failure of an interior baffle plate. The replacement stand was constructed and installed to coincide with planned maintenance activity within the Friant-Kern Canal that occurred in January.

Turnipseed Basin Water Bank

Significant progress has been made on the development of DEID's in-district water banking project. Conversion of the existing 80-acre Turnipseed Basin recharge site into a groundwater bank began in 2009 with the construction of the first recovery well on the property. Four additional recovery wells are currently under construction. Two wells have been drilled with the remaining two scheduled for completion by mid-



One of four new recovery wells being constructed at the Turnipseed Banking Project site in 2010.

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users in 2010. Not only is the District able to deliver all of the water demands from eligible lands this year, but it is also able to maximize groundwater recharge efforts at the District's Turnipseed Basin as well as make significant contributions to water banks that the District has with two banking partners in Kern County. Between those two partners, North Kern Water Storage District and Rosedale-Rio Bravo Water

Storage District, the District expects to bank more than 44,000 acre-feet during the 2010 water year that can be returned to the District in subsequent water years.

July. Pump, motor and electrical service should be installed by the end of summer. Installation of the four new wells are being partially funded with two federal grants totaling \$1.3 million. An additional state grant of \$250,000 will be used to install a network of groundwater observation wells around the Turnipseed Banking Project area for the purpose of monitoring water levels and water quality. Construction of the monitoring wells is expected to begin in late summer.

Basin Expansion

The District recently purchased an 80-acre parcel adjacent to the existing Turnipseed Basin for expansion of the banking project area. The new acreage, which sits along the south property line of the current project site and fronts Road 176, can have recharge water delivered either through White River or the District's distribution system. The property has been cleared and plans are being developed for construction of levees and a new diversion from White River. Construction funding from the Bureau of Reclamation for the new property is pending final approval.

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A Good 2009 Water Year

Final numbers for the 2009 water year were also impressive. In addition to the 111,371 acre-feet that was delivered in the District, another 17,900 acre-feet of banked water with North Kern WSD.

ASSESSMENT ELECTION BALLOTS DISTRIBUTED

Landowners in the Delano-Earlimart Irrigation District were recently sent information about a new benefit assessment proposed by the Board of Directors. Included in the mailing was an official ballot for use by each landowner in voicing their support or opposition to the proposal.

Tied to New Water Contract

The proposal is tied to a new water contract being offered by the U.S. Bureau of Reclamation and pursued by Friant districts for years, including DEID. Benefits of the new contract include it being a permanent contract not subject to renewals (the current water service contract requires renewal in 2026) a specific right to a stated share of the Friant water supply, relief from the Reclamation Law restrictions that prevent delivery of District water to excess lands, and the end to landowners/water users filing annual Bureau forms with the District.

CVP Capital Obligation Pay-off

As part of the District entering into the new contract, it must pay off its share of the cost of building the Central Valley Project (CVP) to the federal government, which originally financed its construction. All districts that take water from the CVP are required to repay the capital costs of building the CVP not later than 2030. Currently being repaid through an additional charge on the water rates paid to the Bureau, this capital repayment obligation would be paid off in one lump sum in 2011 under the terms of the new contract. DEID would pay off its share, at a discounted price of \$22.4 million, through the sale of tax-exempt bonds that

would be repaid over the next thirty years. The proposed new benefit assessment would be dedicated to the annual payment on those bonds, approximately \$1,558,000 per year. That is the basis for the proposed \$28.35 per acre new benefit assessment.

Water Rate Reduction

Coming with the increase in assessments is a corresponding reduction in the District's water rate. With no capital repayment component in the water rate paid to the Bureau, DEID water rates paid by growers can be lowered and stabilized in future years. As noted in the Engineer's Report that analyzed the need and implementation of the proposed new benefit assessment:

"Accelerated payment of the District's capital obligation allows for the removal of the current capital repayment component of the District's water rate charged to the District by the U.S. Bureau of Reclamation. Computations for the water supply scenario of 100 percent Class 1 and 20 percent Class 2, results in a reduction in the current cost of water of \$49.50 per acre foot to \$41.00 per acre foot, a reduction of \$8.50 per acre foot."

Q & A Meetings Set

Public meetings to review the assessment proposal and answer any questions are being held. The remaining meeting dates are July 14 and August 4, both beginning at 2:00 p.m. at the District office. The final public hearing will be on August 11 at 3:00 p.m. at the District office when the votes will be counted. Landowner ballots must be returned by this time.

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Landowner ballots must be returned to the District office by 3:00 p.m. on August 11, 2010.

DEID PIPELINE

*PROVIDING
INFORMATION ON
ISSUES OF
INTEREST TO
WATER USERS AND
GROWERS IN THE
DELANO-
EARLIMART
IRRIGATION
DISTRICT*

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**Recent Planning
Activities**

• DEID Groundwater
Management Plan

The annual report prepared as part of the District's GMP is being finalized and will be available later this summer

• DEID Water
Management Plan

As required by the District's water service contract, the annual update to the District's WMP was submitted and approved earlier this year.



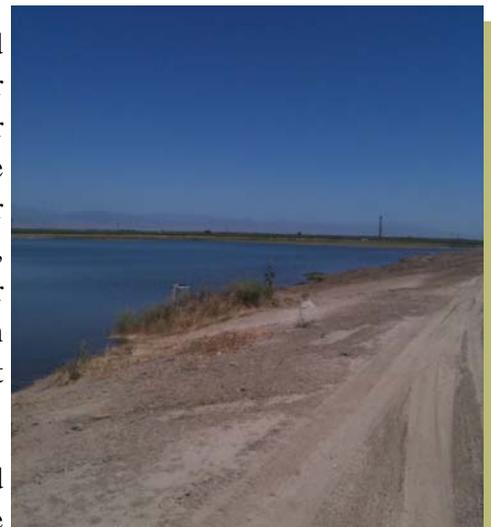
GROUNDWATER RECHARGE IN FULL OPERATION

With the above average water supply that we are currently enjoying, groundwater recharge operations are in full swing in the District. All five cells within the Turnipseed Groundwater Banking Project site are being kept at full capacity, which is expected to last through November. Water is being diverted from the Friant-Kern Canal into White River for delivery to Turnipseed Basin.

Preliminary groundwater data collected in 2009 indicate that the average depth to groundwater in DEID is 185.8 feet based on groundwater levels that were measured in the spring of that year. The average depth to groundwater remained relatively constant from the spring measurements taken in 2008.

The last measurements taken that showed a precipitous decline in groundwater levels were following the 2007 water year where limited surface water was available from the District. The 2007 water year was a 65 percent Class 1 only water year, resulting in significant groundwater pumping by growers. The average depth to groundwater fell by more than 20 feet in that year alone.

The Annual Groundwater Report should be finalized by mid-summer and available for review and distribution at that time.



Full groundwater recharge cells are a welcome sight in 2010.