

General Manager's - Monthly Report:

In February of this year I presented to the OID Board a risk assessment to OID's water rights. The presentation was prepared in cooperation with OID's water counsel, one of the foremost counsels on water law in the north state. I thought a condensed 1-page version would be appropriate for this month's Newsletter seeing as our region is currently in the midst of addressing a significant risk factor to its water rights.

OID adopted a Water Resources Plan (WRP) in June 2007. OID prepared one for the purpose of getting consensus from the community on how its water resources will be managed. OID got that consensus through a 2-year process and dozens of public meetings. The WRP was again updated in 2013 and provides a water management outlook to 2035. The WRP has four principal goals; (1) Provide long-term protection to OID water rights; (2) Address federal, state and local challenges; (3) Rebuild and modernize OID's water delivery system; (4) Develop affordable ways to finance those improvements.

The first two goals are "risk based," the second two goals are "financial based." Financial based decisions are simple to understand, they involve dollars that are either gained or lost. "Risk based" decisions in the water business are a bit more obscure. In simple terms it involves the gain or loss of water.

When we talk about "protecting water rights" we talk about not losing any quantity or portion of OID's water. When we talk about "federal, state and local challenges," we talk about legislative, administrative and political processes that attempt to diminish OID's water right. Currently, as mentioned above, we are experiencing one of those risk factors with the State's pending unimpaired flow standard it wants to implement on the San Joaquin River. This is but one of a series of State "processes" underway to reduce your water rights. We have identified by increasing severity those risk factors below:

Identification of Low Risk Areas Today:

- (1) Dissolved Oxygen: Oxygen levels at times in our rivers are low and detrimental to fisheries. More water solves that.
- (2) Tribal Beneficial Use: Indians have lost water for cultural uses and those losses need to be mitigated.
- (3) Mercury Program and Policy Development: New Melones and basin reservoirs have this issue created by mining.
- (4) Irrigated Lands Program: Farm drainage contaminants causing water quality problems. Dilution is the solution.
- (5) Central Valley Salts: Salinity management to keep salts out of flowing waters.
- (6) Nutrients: Dairy waste problems can exist and contribute to both surface water and groundwater impacts.

Identification of Medium Risk Areas Today:

- (7) Human Right to Water: Communities without access to adequate water and good quality water should have it.
- (8) Delta Stewardship Council Performance Standards: Wetland habitat creation in delta; requires water for success.
- (9) Lower San Joaquin River Salinity: Different than CV Salts above. New Melones releases water to meet salinity objectives in lower San Joaquin River. This drains New Melones and can take OID water in the process.
- (10) Public Trust: Attempt to interpret existing legislation to focus on high priority streams. Stanislaus is on the list
- (11) San Joaquin River Restoration Project (SJRRP): OID may be subject to spring run salmon ESA issues from this project.

Identification of High-Very High Risk Areas:

- (12) SB-88: Establishes reporting and measuring compliance on water rights. Micro manages what OID does MONTHLY.
- (13) Water Fix (Twin Tunnels): Concern that upstream water rights will be used to plug the shortfall in this project.
- (14) Waste and Unreasonable Use Authority: State Water Board used this authority on Deer Creek ID, a pre-1914 water right holder, to take water to meet fishery needs. Litigation underway to reverse this overarching breach of authority.
- (15) Water Quality Control Plan: We're in the middle of it now with unimpaired flows. Loss of water to region is significant.
- (16) Sustainable Groundwater Management Act (SGMA): Surface supplies will be redirected to groundwater but only after State takes our surface water in the Water Quality Control Plan. A double-whammy risk.
- (17) Curtailment: Cessation order by the State to the diversion of water to storage or diversion for periods of time.

Risk insurance in the water business is "surplus water." If a risk factor causes you to lose water, you want that water to be from your surplus water supply and not from your irrigation water supply. Surplus water is OID's "buffer" to risk. That buffer increases with our continued investment in conservation. Investments in improving OID water delivery efficiencies allows for better management of water on-farm. Couple that with investments in on-farm conservation and we are all contributing to building and strengthening that buffer against a loss of water due to a risk factor.

When surplus water is not being used OID sells that water on an annual basis to maximize its value. Eighty percent (80%) of water sales revenue goes into OID's capital construction fund to pay for rebuilding and modernizing the OID. The remaining twenty percent (20%) goes into the General Fund to cover annual operating expenses that keep your water rates low. That is a policy requirement and most would agree has served us well. It has led to \$55 million in construction improvements over the last 10-years. OID's total employee count over that same period went down by 1 position. OID's annual operations budget went up a mere 5.6% in total during that same 10-year period. OID is proud of these performance indicators and of the successful business practices implemented by your Board of Directors.

You farm in one of the strongest, most water reliable, lowest cost, and most progressive irrigation district in the State. We got here by making smart decisions, we expect to stay here by continuing to make smart decisions.

Fight the State's Water Grab. Visit www.SavetheStan.org or www.WorthYourFight.org to see how.

Water Report as of November 1, 2016

Facility	Max Storage (af)	Current Storage (af)	% Capacity	Inflow (cfs)	Storage Change Since 10/1 (af)
New Melones - Federal	2,419,523	509,215	21%	653	(19,214)
Donnells	64,325	35,016	54%	676	5,786
Beardsley	97,802	55,319	57%	122	(3,087)
Tulloch	66,968	57,837	86%	1,015	(4,724)

New Melones Inflow Oct 1 – Nov 1 - 2016 = 43,226 af
 OID Water Allocation for upcoming 2016/17 Water Year = If 600,000 af flows into New Melones after Oct 1, OID/SSJID get a full allocation.
 OID Water Used in October 2016 for irrigation = 13,704 af
 OID water lost to Federal Government on September 30 = 65,804 af (not good!)
 OID Groundwater Pumped in 2016 Water Year = 3,542 af (least of all surrounding irrigation districts)



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