

# THE MAIN CANAL

SPRING 2004 : VOLUME 14 : NO. 1

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The Merced River

## 2004 Irrigation Season Started- SOI Water is Available

By Ted Selb  
Deputy General Manager

The 2004 irrigation season began on Monday, March 22, 2004 and is now well underway. With no significant rain since February and much above normal temperatures in March, the snowpack over the 1,200+ square mile Merced River watershed, has been greatly reduced. On March 1st, the snowpack was 110% of average for the date. As of April 1st, the percent of average for the date has dropped to 75%. Similarly, forecasted April through July snowmelt runoff to Lake McClure has been reduced a whopping 90,000 acre-feet since March 1st, from 590,000 acre-feet to 500,000 acre-feet.

A limited amount of water from Lake McClure will be made available to Sphere of Influence (SOI) growers this year. Because of the early snowmelt, SOI customers may be cut off before July 1st, based on the latest forecasts. When the inflow to Lake McClure drops to a level insufficient to service the SOI growers, water service ends. SOI growers own lands around the perimeter and "down gradient" from the District and rely on deep-water irrigation wells for their irrigation supply. When surface water from MID is made available, SOI wells remain turned off, allowing the groundwater levels to "relax". Such an exchange of surface water irrigation replacing

groundwater irrigation is known as "in-lieu" groundwater recharge.

Please be sure to complete, sign and return the "APPLICATION FOR IRRIGATION WATER" form, and, if applicable, the "LANDOWNER, TENANT, SUB-TENANT AGREEMENT" form that were sent to you in mid-March. Irrigation service will not be provided until these forms are received by MID at its headquarters, 744 West 20th Street, Merced. 24-hour water order service, seven days a week, is again available this year. The water order telephone numbers are as follows: (209) 722-2720, Livingston/Snelling areas: (800) 750-2720. We look forward to serving you this year.



## Aquatic Herbicide Program

By Bob Acker  
Director of Facilities and Planning

On March 12, 2001, the Ninth Circuit Court of Appeals ruled that the Talent Irrigation District, located in Oregon, was required to obtain a National Pollutant Discharge Elimination System (NPDES) Permit under the Clean Water Act before applying any aquatic herbicides to its canals to control aquatic weeds. This ruling has affected seven western states, including California.

The State Water Resources Control Board (SWRCB) has worked diligently within its power to provide dischargers of aquatic pesticides a short-term, statewide General NPDES Permit. The General NPDES Permit No. CAG990003 was adopted by the SWRCB on July 19, 2001, and expired on January 31, 2004. The Merced Irrigation District (District) has been covered under the terms of the original General NPDES Permit for the past two-and-a-half irrigation seasons, reducing the intensity of mechanical cleaning operations in the canal system. With the expiration of the General NPDES Permit, the District is working to be covered under a new statewide General NPDES Permit for the

Discharge of Aquatic Pesticides for Aquatic Weed and Pest Control in Waters of the United States (Permit) – its proposed adoption date is May 20, 2004. The District, with the help of an environmental consultant, has completed the California Environmental Quality Act (CEQA) review for its Aquatic Pesticide Program. This process was completed on January 30, 2004, with the adoption of a Negative Declaration by the District’s Board of Directors. Once the final Permit is adopted, the District will submit a Notice of Intent (NOI) to be covered by the new Permit.

On February 24, 2004, environmental groups – DeltaKeeper, Waterkeepers Northern California, San Joaquin Raptor Rescue Center, Protect Our Water and Central Valley Safe Environmental Network – petitioned to file a lawsuit against the District to set aside its January 30, 2004, approval of the Aquatic Pesticide Program. Other irrigation districts that submitted CEQA documents under the new General NPDES Permit also have had lawsuits filed against them; court proceedings are pending.

For more than 31 years, the Merced Irrigation District has successfully used aquatic herbicides to control weeds in its 780 miles of canals, laterals and pipelines without any environmental damage. Its aquatic weed abatement program is a critical element in maintaining a high level of service to growers.

Through the years, the use of aquatic herbicides has greatly reduced the cost of canal maintenance, while improving water quality. The only alternative to aquatic herbicide treatment is mechanical cleaning, which requires expensive equipment, is labor-intensive and has proven to be quite costly in the past. Mechanical cleaning methods cause turbidity in the canal system and are only effective on certain varieties of aquatic weeds. It is not effective for controlling moss and algae. Mechanical cleaning of aquatic weeds fragments and spreads them throughout the canal system.

### 2004 Budget Approved

By Jeff Bixby  
Director of Finance

On January 20, 2004, the Merced Irrigation District’s Board of Directors approved the 2004 Operating Budget of approximately \$54 million. The Capital Projects and Capital Equipment Budgets are about \$12.7 million and \$600,000 respectively.

At the beginning of 2004, water rates increased 75 cents per acre-foot. Park fees, engineering fees and administrative service fees also increased slightly. The District’s costs of operations continue to rise, similar to other businesses, requiring fee increases. The District is also planning several significant capital projects for 2004 to address the need to maintain and improve its irrigation system.

### The Moss and Algae Problem

*An integral part of the District’s weed abatement program is controlling moss and algae through the use of aquatic inhibiting products. Moss and algae are of particular concern to growers who pressurize District surface water for use in high-tech microspray and drip irrigation systems. Moss and algae clog irrigation filtration systems and emitters – virtually shutting down irrigation. Historically, these types of high-tech irrigation systems were limited to using groundwater wells because well water is free of such particulates. Not only does mechanical cleaning not solve the moss and algae problem, if continued, it would dramatically reverse the progress that has been made over the years in moss and algae and aquatic weed control.*

# New State Water Board Fees Assessed

In December 2003, the Merced Irrigation District (District) received six invoices from the State Water Resources Control Board (SWRCB), one for each water right license held by the District. The invoices, totaling nearly \$79,000, are part of a new state “fee for water right service.”

As a part of the massive state budget legislative package, Senate Bill 1049 (Stats. 2003, c. 741) passed by a simple majority of the California Legislature. Among other provisions, the bill eliminated all State General Fund allocations to the SWRCB’s Division of Water Rights. In December 2003, the SWRCB imposed an annual fee structure for all water rights permit holders, including the Merced Irrigation District. The District paid the fees under protest in early 2004 and can expect a

new state invoice in June or July for double the amount for the full State Fiscal Year 2004-2005, unless the Legislature changes the State Appropriations Bill.

Recently, the California Farm Bureau Federation and several Northern California water agencies filed a lawsuit against the SWRCB to block further state collections of the fees, stating that the new fees constitute a tax increase requiring a two-thirds approval by the Legislature.

The Association of California Water Agencies (ACWA) has taken the position that the SWRCB’s water rights activities should be financed by the General Fund because regulation and protection of water resources is a public trust issue. Public water agencies that hold water rights divert and manage water

for public benefit.

California State Assemblyman Joe Canciamilla (D-Pittsburg) has introduced Assembly Bill (AB) 2864, sponsored by ACWA, to reduce fees for water rights holders like the District. The bill would provide for a more equitable funding mechanism for the SWRCB’s water rights program and restore some General Funds for the program.

The District will be pursuing various avenues – through the Legislature, ACWA and the San Joaquin River Group Authority – to remedy this situation.

*In a related matter, the Merced Irrigation District also received new State Dam Inspection fees, totaling \$68,000 (a 445 percent increase), for the four dams owned by the District.*

## State of the District

*By Ross Rogers  
General Manager*

This is my last column in the Main Canal. As you may know, I will retire on April 30, 2004. It has been my great privilege and pleasure to have served as your General Manager for the past 13 years. I am grateful for the opportunity to have worked with an exceptionally supportive Board of Directors and a truly outstanding workforce. This combination has given the District a reputation as one of the most modern, effective, efficient and respected irrigation districts in the state of California. Having been involved in the wonderful world of water for nearly 45 years, I feel qualified to make those comments. I cannot claim to have “seen it all,” but I certainly have seen plenty!

### District Accomplishments

Over the past 13 years the District’s Board of Directors has provided positive guidance

and support in developing progressive policies, which have helped put us on a bright path for the future. A creative and visionary group of senior and mid-level managers and front line supervisors, together with so many wonderful, dedicated and talented field and office personnel have carried out those policies. Following is a brief summary of major issues the District faced during this period, along with the actions taken:

#### Financial Stability

A catastrophic financial crisis coming out of the 1987-1992 drought was avoided. The Board took corrective action in reducing costs and expenses and setting realistic water rates and standby charges, enabling the District to regain financial stability. The District then began its current practice of pricing water by the amount each grower actually uses rather than on a flat allocation method. This proved to be a

tremendous success and greatly encouraged on-farm water conservation practices.

#### Water Rates

As a result, water rates remained constant for nine years from 1994 through 2002. The Board was also able to delay the 1998-2004 Business Plan’s projected water rate increase of \$1.50 per acre-foot in 2001 until 2003, and then reduced it to \$0.75 per acre-foot. The Business Plan projected an additional \$1.50 per acre-foot increase in 2004, which was also reduced to \$0.75 per acre-foot. Standby charges continue unchanged since 1994.

#### Rate Stabilization Fund

The Board established a Rate Stabilization fund for a “rainy day” account (which now has \$5,000,000) to assist during future extended drought periods when increased groundwater

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Ross Rogers

pumping and associated high electric and maintenance costs might occur.

### **Advisory Committee**

The Board created the MID Advisory Committee (MIDAC) in 1991 consisting of over 20 members of the farming community to work with staff to review the multitude of issues facing the District and to recommend various courses of action to the Board. MIDAC proved to be of vital assistance to the District in getting information out to the growers and receiving input concerning various problems and proposed solutions. The District staff along with Board and MIDAC members conducted over 25 Town Hall meetings throughout the District during the early 1990's.

### **Bay-Delta**

The Board has supported heavy staff involvement in the San Francisco Bay/Sacramento Delta water quality and water rights issues, as well as statewide water concerns that could impact the District. The District took the lead in creating the San Joaquin Tributary Association, a group of five eastside irrigation districts: Merced, Modesto, Oakdale, South San Joaquin and Turlock. The Association grew into the San Joaquin River Group Authority, with numerous other valley water agencies joining, to become a major voice in negotiations for the San Joaquin River Agreement and other San Joaquin River water issues. This was the first meaningful valley-wide water agreement, after years of controversy, involving agricultural,

environmental, urban and regulatory agencies in the Sacramento-San Joaquin Valley.

The Agreement provides the funding source for the District's many water conservation projects. These projects, along with the District's creative daily operational methods and innovative, state-of-the-art engineering solutions, made tens of thousands of acre-

feet of water available for environmental enhancement studies, while vastly improving the level of service to growers. This relieved the District of facing the very real prospect of the federal and state regulatory agencies "taking" arbitrarily and without payment or any sound scientific studies, far greater amounts of water than The District's already significant environmental commitment.

### **Surface/Groundwater Optimization Program (SUGWOP)**

The District launched a major surface water/groundwater program to help care for and recharge the aquifer. Projects are designed to both improve the in-District delivery systems and encourage surface and groundwater conservation practices.

### **Facilities Improvement/Maintenance**

The Board established a Facilities Improvement Fund in 2003 with approximately \$1,000,000 of start up money. The District's aging system of canals, pipelines, diversion structures, head gates, etc. has been in need of substantial upgrading for some time. Monies will be added to this fund by the Board as projects are identified and approved.

### **Merced Water Supply Plan**

In cooperation with the City of Merced, a long-term water supply plan for the benefit of all eastern Merced County was developed.

### **Hydroelectric**

Many major system components have been replaced or upgraded such as: rewind of the New Exchequer turbine stator increasing its capacity from 88.1 to 94.5 megawatts; New

Exchequer draft tube liner, main breaker and main transformer; exciter system at both New Exchequer and McSwain powerhouses; numerous mechanical systems; and various automated control and telemetry systems. Security and vulnerability assessment of the project is complete and appropriate security measures are in place.

### **Merced Irrigation District Drainage Improvement District #1 (MIDDID#1)**

A storm water drainage district was established in 1994 to collect fees from urban development to offset maintenance costs for conveying the storm water which was formerly absorbed by farmers.

### **Parks and Recreation**

The District has obtained nearly \$4 million from state grants and/or concessionaire reimbursements for improvements at Lakes McClure and McSwain such as new marinas and stores, boat launching ramps, houseboat slips and off shore mooring facilities, campsite improvements, restrooms, access roads, paved parking lots and much more.

### **Retail Electric Service**

Irrigation districts have had statutory authority to sell retail electric power, since 1919. However, only three had done so up to 1995: Modesto, Turlock and Imperial. That year, the Board established the Energy Resources Department that successfully put the District in the retail electric service business, which grew rapidly to become the 25th largest of 47 electric utilities in California. It now serves over 2800 residential, commercial, and industrial accounts with a combined peak load in excess of 80 megawatts. In addition to bringing low cost power to eastern Merced County, the District as a local provider is able to bring new development projects online faster while delivering outstanding service to thousands of commercial and residential customers.

### **District Headquarters**

October 2002 ended the District's nine year odyssey with many of its employees located in various and scattered "interim"

offices. The District's antiquated facility on Canal Street, which over many years was home to office, shop and yard activities, was found to be structurally unsafe and asbestos contaminated and was demolished. Finally, all the management, administrative, engineering and planning departments along with the rapidly growing Electric Services department were brought together under one roof in a well designed, efficient, modern building at 744 West 20th Street, Merced.

### Community Asset

District visibility over the past decade has risen substantially and the community now recognizes the District's role as a significant employer and good citizen of the region entrusted with the care and beneficial use of the region's most valuable natural resources.

### What The Future May Hold

What's in store for the coming years? Well, in my opinion, not only is the present very bright, but the future should continue to be every bit as good or better. One word of caution, let's remember that famous Thomas Jefferson quote about, "eternal vigilance." It is important that its leadership ensure that the District stay abreast of and respond accordingly to the growing needs of the regional, statewide and national issues that impact our area. The District will continue to be faced with many competing needs for the use of our area's water and energy resources.

### The Challenges

The District must contend, at last count, with well over 20 various federal, state and local regulatory agencies who, faced with increasing pressure from growing population, financial, and environmental concerns, will continue on an aggressive regulatory path. The District must continue with a strong awareness of these actions which include maintaining a viable lobbyist program to be effective in dealing with all the future legislation and proposed regulations – some of it will be good, some onerous and some just plain quirky.

Water quality is a very, very big issue, far too complex for this newsletter, but

something in which the District has been and will continue to be a heavily involved participant. It deals with things such as: total maximum daily loads (TMDL's), salt, boron, minimum fish flows, salmon runs, steelhead, natural pollutant discharge elimination system permits, ag waivers, and endangered species.

Since it would seem to many over zealous folks that the best and perhaps only way to solve these problems is with lots and lots of water, the District again must exercise "eternal vigilance" in the protection of its very old water rights. At the same time, of course, it is incumbent upon the District to use its water supply in the most efficient manner possible for the greatest benefit for all competing needs while maintaining control and receiving appropriate compensation. The latter is critical to ensure the District can continue its successful conservation programs.

### Continuing District Programs

Major facilities improvements on the District's canals and pipelines will accelerate. The Board has made major financial commitments to continuing the following programs:

- Pipeline canals where feasible.
- Replace or repair existing pipelines as needed.
- Improve canal banks and lining and reclaim use of rights of way.
- Develop effective weed and rodent control methods.
- Replace equipment on a timely basis.

### Major activities associated with the Surface/Groundwater Optimization Program (SUGWOP) will continue to:

- Construct spreading basins to recharge the groundwater aquifer through percolation with surplus water in years of plenty to be pumped out in years of drought. This is good for agriculture, urban, and environmental needs.



Garith Krause and Ross Rogers

- Fund water conservation incentive programs.
- Reduce operational discharges (spills).
- Expand the automated remote control system.
- Encourage surface water irrigation rather than groundwater.
- Install low lift booster pumps replacing deep wells to irrigate high grounds not previously accessible to surface water.
- Improve the flexibility of the distribution system through construction of various inter-ties between canal systems.
- Develop and implement the Merced Water Supply Plan.
- Implement distribution system operational and physical upgrades in anticipation of water quality impacts.

### Hydroelectric Project

In 2014 the 50-year license held by the District from the Federal Energy Regulatory Commission expires. The renewal process is estimated to cost as much as \$20 million or more and can take 6-7 years. However, acquiring the data, particularly environmental studies, necessary to such a renewal can take much longer. Therefore, the District has already begun the re-licensing studies and is annually adding to its re-licensing fund to minimize future financial impacts. This license is critical to the preservation of the District's water and power rights and must be a major focus of the District's efforts over the next decade.

### Parks

An on-going effort must be made to increase revenues in order to reach a financial break-

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# Canal Safety Program Launched

By Bob Blum  
Director of Administrative Services

The Merced Irrigation District's extensive canal system, that supplies essential water to the farming community, has come to life. However, the canal system presents safety hazards for the youth of local communities. Canals can be treacherous because of extremely cold water, swift currents and canal structures just to name a few of the dangers.

Last year, the District was pleased to have an accident-free irrigation season. It is serious about canal safety, and in an effort to educate children about the dangers of playing in canals, it publishes and distributes about 3,000 canal safety coloring books to local school systems. Over the last few years, a lot

of work has been done on the District's Web site with the addition of canal safety features and educational materials that teachers can download and use for classroom instruction. Recently, the District conducted a mailing to all area schools informing them of the Web site and its potential applications. The District will continue to upgrade and provide safety information, as funding permits. The Merced Irrigation District is aiming for another accident-free irrigation season this year. For more information, visit the District's Web site at [www.mercedid.org](http://www.mercedid.org) and click on the canal safety link.



MID's Canal Safety coloring book

## Garith Krause Named New General Manager



With the retirement of Ross Rogers, the Board of Directors has selected Garith W. Krause as the new General Manager and Chief Executive Officer of the District, effective May 1, 2004. Mr. Rogers will retire on April 30.

Board of Directors' President Jack Hooper said, "Garith has a proven track record of leadership and experience." Mr. Krause has been serving as Assistant General Manager, Energy Resources since 1996 and was instrumental in creating the Electric Services

Department for the District.

Mr. Krause joined the District in 1990 serving as its Chief Financial Officer until 2002. He assumed additional responsibilities as head of the Electric Services Department in 1996. Under his leadership, the Electric Services Department has grown to 25 employees, serves approximately 2800 customers, and is now the 25th largest of the 47 electric utilities in the state of California.

Deputy General Manager Ted Selb noted, "Garith is ideal to lead the District. He understands the integration of the District's key operations including water, energy, parks and recreation and how they come together to make the District an important community asset."

Mr. Rogers noted that, "Garith is an innovative, creative and forward thinking leader. His hard work and dedication for the

District is well known and respected in the community."

Mr. Krause has served as President of the Greater Merced Chamber of Commerce in 2001, President of the Merced Boosters, and was active in the UC Merced Core Planning Committee. He currently serves on the Board of Directors of the Merced County Economic Development Corporation and the Agricultural Energy Consumers Association.

Mr. Krause said, "I am honored that the Board of Directors has placed their trust in me as General Manager. I look forward to serving the District, its growers, customers, employees, and constituents over the coming years."

# Employees of the Quarter



## Craig Hamilton, Equipment Mechanic

**C**raig began working for the District in August of 1986, bringing several years of experience in the repair of heavy equipment with him. Since joining the District, he has been certified in engine, power train and electrical systems – along with hydraulics and air conditioning. Craig is responsible for the chemical treatments and recovery systems of the steam-cleaning unit. Well liked and respected by his fellow employees, Craig is a hard worker and a great example of a skilled, dedicated District employee.



## Kyle Ford, Information Technology Specialist

**K**yle came to the District in April of 2001 as a Mapping Specialist in the Electric Services Department. It was at this same time that the District recognized the need for a full-time expert to assist with our information technology planning for our new office building. With his extensive background in computers, Kyle was promoted to the position of Information Technology Specialist, where he was instrumental in the planning and implementation of our accounting platform to accommodate and improve the Accounting and Finance Department's operations and reporting capabilities. He was also very helpful in the design of the District's new telephone and alarm systems. Kyle's duties include planning and monitoring the District's ever-increasing computing needs, including all of our field operations. An invaluable team player, Kyle is always willing and able to assist anyone with any computer or software problems.

# Union Negotiations Completed

*By Bob Blum  
Director of Administrative Services*

**B**argaining talks between the Merced Irrigation District (District) and the International Brotherhood of Electrical Workers (IBEW) concluded in December 2003 with the ratification of a new labor contract effective January 1, 2004, through December 31, 2006.

The District and the IBEW Local Union 1245, AFL-CIO have been negotiating contracts for over 30 years. This year, as in the past, the District had to carefully consider how the IBEW's requests might affect its overall financial situation. Successful bargaining is finding a

compromise that both sides can live with. Fortunately, the IBEW is one of the more progressive unions and realizes that the best interests of the District are indeed the best interests of its employees, IBEW members.

The District is proud of its employees, their performance and the fact that it has the ability to attract highly qualified employment prospects. With competitive benefits and salaries, turnover is rare at the District. However, benefits and salaries are only a part of the picture. Once new employees see that

their co-workers take a great deal of pride in their work, that employee ideas are listened to and all personnel are treated fairly, they soon choose a lasting career with the District. It's clear that District employees, as a whole, are responsible for the success of the not-for-profit corporation. The District's high level of customer service, protection of water rights and entry into the retail electric market are testaments to their dedication.

## District Board of Directors

TOM RETA (Vice-Pres.)	Division 1
TIM PELLISSIER	Division 2
JACK HOOPER (President)	Division 3
STAN MORIMOTO	Division 4
BILLY PIMENTEL (Secretary)	Division 5

## District Staff at Your Service

ROSS ROGERS  
General Manager & CEO

TED SELB  
Deputy General Manager

GARITH KRAUSE  
Assistant General Manager,  
Energy Resources

BOB BLUM  
Director of Administrative Services

BOB ACKER  
Director of Facilities and Planning

JEFF BIXBY  
Director of Finance

MIKE BERMINGHAM  
Parks Manager

BOBBY MOONEYHAM  
Hydroelectric Project Manager

STEVE DUNN  
Manager of Engineering & Operations,  
Electric Services

JEM BROWN  
Manager of Business Development,  
Electric Services

HICHAM ELTAL  
Manager of Engineering,  
Water Resources

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## State of the District

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even point. Improvements to parks facilities will continue as funds become available from state grants and other sources.

### Electric Service

The District's retail electric service will continue to expand. The District has demonstrated its ability to provide lower cost energy and to rapidly respond to the service needs of its customers. The District is providing electric service to nearly all of the new subdivisions within its service area.

### The Future

The District has come a long way in the past 13 years. It has enjoyed considerable success, of which we can all be proud. However, there is much more to look forward to accomplishing in future years.

The District needs to keep moving forward, positioning itself to successfully meet ever increasing and complex challenges. The District must not adopt an isolationist posture. The world has changed in the past 13 years and we now live in a global economy with huge external forces operating in the market place. Eternal vigilance is essential. The District must continue to be a major player in the statewide water arena. It must continue to expand its

role as an electric services provider in eastern Merced County.

### New Leadership

The District will be in exceptionally fine hands. With Garith Krause as the new General Manager and Chief Executive Officer, backed by an outstanding team of management and staff, the District will continue to be successful. Garith is well-known and respected in the community. He has played a major role in leading the District into the retail electric service industry. Surrounded by an experienced professional staff with Ted Selb, Deputy General Manager, and our other fine senior managers, Garith and his team will accomplish great things.

Above all, the District's primary obligation is to continue to recognize the needs and service requirements of its constituents, its workforce and eastern Merced County, while working cooperatively with the many competing users of the state's valuable resources of water and energy to obtain "peace in the valley" for many years to come.

Finally, I would like to thank all the Directors, management staff and District employees current and past, who provided me with support, encouragement and a lot of hard work over the past 13 years. I will never forget your spirit and dedication.

Visit the District's  
Web site  
[www.mercedid.org](http://www.mercedid.org)

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