

Merced Integrated Regional Water Management Merced Region Drought Grant Proposal

Attachment 2: Drought Impacts



Attachment 2 consists of the following items:

- ✓ **Drought Impacts**
Description of the regional water management impacts due to the 2014 Drought and any anticipated or projected impacts if drought or dry year conditions continue into 2014.

 - ✓ **Water Conservation Measures**
Description of the mandatory or voluntary water conservation measures or restrictions that have been implemented as a result of the 2014 Drought. Description of the planned or anticipated water conservation measures if drought or dry year conditions continue into 2015.
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Drought Impacts

The Merced Region encompasses approximately 607,000 acres in the northeast portion of Merced County, largely defined by the 491,000-acre Merced Groundwater Subbasin (Merced Subbasin). Land use patterns in the Merced Subbasin and within the Merced Integrated Regional Water Management (IRWM) Region (region) are dominated by agricultural uses, including animal confinement (dairy and poultry), grazing, forage, row crops, and nut and fruit trees. The region relies heavily on groundwater – it is the primary source of agricultural water supply and the sole source of potable water supply for the Region. The Merced Subbasin is in a state of mild groundwater level decline with a cumulative decrease in storage of approximately 720,000 acre feet (AF) from 1980 to 2007¹. On average, groundwater levels declined by approximately 10 feet in the MID service area between 2010 and 2013. Groundwater levels in the Le Grand area declined by approximately 50 feet between March and June of 2014 alone.

By the time a drought declaration was proclaimed by Governor Jerry Brown on January 17, 2014, Merced County had already been dealing with drought conditions for two years. For example, between October and December of 2013, inflows to Lake McClure were only 5,563 acre feet (AF). Inflows to Lake McClure during the same timeframe in the driest year on record, 1976-1977, were approximately 6,414 AF – 15 percent greater than those observed in 2013 (Eltal 2014)².

The drought has resulted in far-reaching regional water management impacts in 2014; these impacts are expected to be exacerbated if the drought continues into 2015. The primary water management impacts caused by the drought are the reduction in surface water supplies and concomitant reduction in groundwater levels in the Merced subbasin due to the decrease in natural recharge and increase in groundwater extraction. These reductions have created the water management impacts described below. **Table 3-1** summarizes existing impacts, as well as impacts expected to occur if the drought continues for an additional year.

Risk of not meeting existing drinking water demands: The current drought has substantially reduced water supply available to meet drinking water demands. As discussed above, groundwater is the sole source of potable supply in the Region. Water suppliers in the region currently extract groundwater to meet demands in the cities of Merced, Livingston, Atwater, and the unincorporated communities of Le Grand, Winton, and Planada, and Franklin-Beachwood. All of these areas are disadvantaged communities (DACs). Voluntary and mandatory conservation measures have already been imposed within these communities. Supply reductions have created challenges for suppliers to comply with the tenets of the Human Right to Water policy, particularly in these communities that do not have alternative drinking water supplies or the resources to purchase additional supply from elsewhere. For example, due to the dire situation in Le Grand, LGCS D had sought assistance from the California Department of Public Health (CDPH). LGCS D secured grant funding through the CDPH Public Water System Drought Emergency Response Program to implement a two-phase emergency drought response program that included interim water hauling to the community, rehabilitation of three of the community's impacted wells (see **Appendix 2-1**, page 19). LGCS D is already unable to meet existing demands. If the drought were to continue into 2015, water supplies would continue to be insufficient to meet existing demands despite continuing conservation measures.

Risk of not meeting agricultural water demands: Agricultural demand in the region is met by both surface water and groundwater. The current drought has substantially reduced surface water supply available to meet agricultural water demands. For example, MID, whose service area covers 164,000 acres of which 140,000 acres are farmland³, was forced to reduce its typical allocation from approximately 3.0 acre feet per acre (AF/AC) to 2.5 acre feet per acre (AF/AC) in 2012, 2.4 AF/AC in 2013 and 1.1 AF/AC in 2014 (see **Appendix 2-2**) as a result of diminishing supplies and the need to conserve water. The IRWM Region includes a variety of agricultural crops, including pasture, alfalfa, field crops (e.g., corn and soybeans), truck crops (e.g., potatoes and watermelons), tomatoes, tree crops, grains, vineyards, cotton, citrus, olives, and rice. The dominant crop in the region is tree crops (e.g., almonds, apricots, peaches).

¹ AMEC Geomatrix, Inc. 2008. Merced Groundwater Basin Groundwater Management Plan Update. Merced County. July 29. [page 22]

² Eltal, Hicham. Deputy General Manager. July 3, 2014. Personal Communication.

³ RMC. 2013. Merced Integrated Regional Water Management Plan. August. [page 2-13]



Table 3-1: Summary of Existing and Expected Drought Impacts

Impact	Encountered by September 30, 2014?	Encountered by September 30, 2015 if Drought Continues?	Description if Encountered
At risk of not meeting existing drinking water demands	Yes	Yes	DAC communities within the Merced Region including Le Grand do not have sufficient water supplies to meeting existing demands.
At risk of not meeting existing agricultural demands	Yes	Yes	Growers do not have sufficient water to meet demands, resulting in fallowing of land or damage / death of tree crops. This could ultimately lead to a reduction in agricultural crops, particularly tree crops.
At risk of not meeting ecosystem water demands	Yes	Yes	Merced National Wildlife Refuge (NWR) receives water from MID. Reduction in supplies has resulted in MID not meeting its obligation to provide 15,000 AFY to the NWR which has affected habitat and wildlife.
Drinking water maximum contaminant level (MCL) violations	Yes	Yes	High concentrations of various constituents, including TDS, nitrate, and arsenic, are present in groundwater supplies throughout the region. Reduction in groundwater levels has resulted in exceedances of MCLs in the region.
Groundwater basin overdraft	Yes	Yes	The basin is currently overdrafted. Increased pumping during this drought has further reduced groundwater levels.
Discharge water TMDL violations	N/A	N/A	N/A
Other drought related adverse impacts	Yes – subsidence, economic impacts	Yes – subsidence, economic impacts	Reduction in water supply has led to economic impacts associated with reduced agricultural production, additional costs for rehabilitating inoperable wells caused by decreasing groundwater levels and higher pumping costs.

Unlike row crops where the land is tilled at the end of the harvest season annually, perennial crops such as fruit and nut trees cannot be fallowed. Without sufficient water, trees become stressed and could suffer from reduced growth, shoot dieback, reduction in fruit size, reduced tree establishment (for young trees), negative impacts on fruit quality, reduction in fruit bud and nut production (and crops in subsequent years), nutrient deficiencies, increased winter injury, or in the worst case, die. This significant reduction in water allocation to customers has resulted in an inability to meet existing agricultural water demands for crops including orchards and other crops that cannot be fallowed. It is expected if the drought continues through 2015, the allocation to agricultural uses would further decline, thus extending the timeframe for not meeting agricultural water demands and increasing impacts.

Risk of not meeting ecosystem water demands: MID currently provides water during the March to October period to Merced National Wildlife Refuge (NWR) to meet ecosystem water demands. The Merced NWR, located approximately eight miles south of Merced, encompasses approximately 10,258 acres of wetlands, native grasslands, vernal pools, and riparian areas.⁴ The NWR is host to the largest wintering populations of lesser Sandhill cranes and Ross’ geese along the Pacific Flyway. The Refuge also provides important breeding habitat for other birds. The United States Bureau of Reclamation (USBR or Reclamation) has a contractual obligation under the Central Valley Project Improvement Act (CVPIA)⁵, and in cooperation with the U.S. Fish and Wildlife Service (USFWS) and the

⁴ USFWS. No Date. Merced National Wildlife Refuge. Available at: <http://www.fws.gov/refuges/profiles/index.cfm?id=81652>

⁵ The CVPIA is a multipurpose water legislation which was signed into law on October 30, 1992. It contains 40 separate titles providing for water resource project throughout the West. Title 34, the Central Valley Project



California Department of Fish and Wildlife (CDFW), to provide firm, average annual historical water deliveries (Level 2, or L2) of suitable quality to maintain and improve habitat areas on certain Federal and State wildlife refuges in the Central Valley. In addition to L2 deliveries, an additional increment of water supply is needed for optimal wildlife management (incremental Level 4, or L4). According to USBR's *Report on Refuge Water Supply Investigations* (1989), the L2 water supply need for Merced NWR is 13,500 AFY and the L4 water supply need is 16,000 AFY⁶. MID provides 15,000 AF of water annually to Merced NWR through an existing license with the Federal Energy Regulatory Commission⁷, fulfilling nearly 94 percent of the L4 water supply needs. As a result of dwindling water supplies, MID will shorten the period during which it provides water to Merced NWR by two months in 2014, resulting in a 25 percent reduction in total deliveries to the NWR. If the drought continues through 2015, it is possible that the allocation of water to Merced NWR would be cut even further. MID has also historically made deliveries under various water transfers for environmental purposes, including providing water to the San Luis Wildlife Refuge – East Bear Creek unit⁸. Given declining water levels, MID will not be able to assist USBR in fulfilling its CVPIA obligations to provide water to its refuges to meet ecosystem demands. Reduction in water supplies to the NWR has caused unquantifiable biological resources impacts as well as recreational impacts (e.g., reduction in tourism associated with birdwatching).

Drinking Water MCL Violations: Water quality in the region varies by location. According to the MIRWMP, groundwater within the Merced Subbasin contains both anthropogenic and naturally occurring constituents. Some of these constituents either currently impact or have the potential to impact groundwater use within the Region in the future. Salinity, nitrate, chloride, iron, manganese, arsenic, hexavalent chromium (Cr6), radionuclides, bacteria, perchlorate, petroleum hydrocarbons, pesticides, trichloroethylene (TCE), and perchloroethylene occur in the shallow and/or deep aquifers. Several municipal water districts have reported wells that have reached or are approaching the maximum contaminant level (MCL) for nitrate, and elevated nitrate concentrations in groundwater are observed in small areas northeast of Merced and southwest of Atwater in areas with high densities of onsite wastewater treatment systems. In portions of the Merced Subbasin, iron and manganese have exceeded secondary MCLs at shallow depths. Localized areas of the region (i.e., northeast of Atwater, near Stevenson, and in the southwest Merced IRWM area) have average arsenic concentrations in the shallow groundwater that exceed the MCL. A small area in the northwest quadrant of the IRWM Region has concentrations of Cr6 that exceed total chromium MCL. Lastly, TCE has been detected at levels exceeding the MCL in two locations of the Merced Subbasin (Castle Airport Aviation and Development Center and the City of Merced's Eastern Industrial Park)⁹. Several areas of the basin do not meet drinking water standards. Overdraft resulting from drought conditions has exacerbated these issues.

Groundwater Basin Overdraft: The current drought has substantially reduced groundwater levels in the Merced Basin. For example, in the community of Le Grand, groundwater levels have shown substantial declines. For example, groundwater elevation at LGCS D's Well 1a (see **Figure 3-4** in Attachment 3), which is located in the

Improvement Act, mandates changes in management of the Central Valley Project, particularly for the protection, restoration, and enhancement of fish and wildlife. Provisions of the CVPIA authorized water supplies for those wetland areas covered by the USBR *Report on Refuge Water Supply Investigations – Central Valley Hydrologic Basin, California* (USBR, 1989) and the *San Joaquin Basin Action Plan*, and required the investigation of water and conveyance needs for private wetlands. Specifically, the CVPIA required Reclamation to supply more than 133,000 AF of Level 2 water annually to 19 Central Valley wildlife refuges and wildlife areas and fix plumbing problems that affect water deliveries to refuges by 2020.

⁶ USBR. 1989. Report on Refuge Water Supply Investigations – Central Valley Hydrologic Basin, California. March. Available at:

[https://www.usbr.gov/mp/cvpia/3406d/resc_docs/Report%20on%20Refuge%20Water%20Supply%20Investigations%20\('89%20Report\).pdf](https://www.usbr.gov/mp/cvpia/3406d/resc_docs/Report%20on%20Refuge%20Water%20Supply%20Investigations%20('89%20Report).pdf)

⁷ Federal Power Commission. Terms and Conditions for Unconstructed Major Project Affecting Lands of the United States. Revised February 1, 1964 (see **Appendix 3-7**)

⁸ RMC. 2013. Merced Integrated Regional Water Management Plan. August. [page 2-12]

⁹ RMC. 2013. Merced Integrated Regional Water Management Plan. August. (Water quality information is provided on p. 2-43 to 2-46 of the MIRWMP).



southern portion of the service area, dropped by more than 50 feet between March 27 and June 24, 2014 (from 215 feet to 271 feet below ground surface [bgs]).¹⁰ Similar impacts were observed at Well 4, which is located in the northern portion of the service area. This is typical of the groundwater elevation impacts observed throughout the basin, which has historically shown a cumulative decline even prior to this drought. With the reduction in natural and artificial recharge of the basin due to reduced precipitation, combined with the extra stress on the groundwater basin from private groundwater pumpers who must extract additional water to maintain agricultural crops, overdraft conditions have already been exacerbated this year, and will become even more severe in 2015 if the drought continues. Groundwater basin overdraft is the main cause of secondary impacts such as potential water quality violations, loss of existing groundwater wells, and subsidence.

Regional Subsidence: Based on recent efforts undertaken by Reclamation as part of the San Joaquin River Restoration Project, subsidence of up to 0.5 foot per year has occurred in the southernmost portion of the Merced Region, with subsidence of more than 0.1 feet per year occurring over most of the Merced Region west of Highway 99¹¹. This subsidence is believed to have occurred as a result of excessive groundwater pumping¹². Should the drought continue and groundwater levels continue to drop, it is expected that subsidence will increase.

Economic Impacts: As a direct result of declining groundwater levels, existing public and private wells have become inoperable because well heads are now above the groundwater levels. LGCSO had to deepen all three of its municipal wells in 2014 to continue extracting groundwater to meet its urban demands. Deepening wells require additional drilling activities. Within MID, 27 public wells have become inoperable since the start of the 2014 irrigation season in March (see **Table 3-5** in Attachment 3 for a figure of the lost wells). MID intends to modify the wells such that it can continue to extract groundwater, albeit at a lower groundwater elevation, by either dropping the bowls (to lower the pumps) or deepening the wells. The cost of modifying wells ranges from \$12,000 to lower a pump to \$80,000 to deepen a well.

As a result of diminishing water supplies to meet agricultural demands, the current drought has caused substantial impacts to agricultural production. Agricultural irrigation represents the largest water demand in Merced County¹³. Due to drought conditions in 2014, MID decreased total water for agricultural irrigation by 63 percent and shortened the irrigation season. MID water prices for the 2014 irrigation season increased by 275 percent (and were originally scheduled to increase by 400 percent)¹⁴. The estimated cost of additional groundwater pumping is \$98/AF¹⁵. Thus, farmers in the MID service area can expect to pay roughly an additional \$210 to maintain irrigation similar to previous years. If the drought continues in the 2015 season it is likely that these trends will continue.

With \$940 million dollars in annual revenues, milk is Merced County's largest agricultural product from an economic perspective. Production of cattle and calves accounts for another \$297 million, making livestock management a significant economic driver that directly contributes well over \$1 billion to the regional economy¹⁶. Only 5 percent of county pastureland receives managed irrigation, meaning that the remaining 95 percent is unproductive in drought years¹⁷. In 2014, lack of rain has resulted in nearly zero growth of rangeland forage, causing livestock producers and horse owners to purchase hay that would normally not be needed over the fall and

¹⁰ LGCSO. 2014. Draw Downs LGCSO for March 20 2014 to June 24, 2014.

¹¹ RMC. 2013. Merced Integrated Regional Water Management Plan Groundwater Recharge Feasibility Study. August. [p. 30]

¹² USGS defines subsidence as the "gradual settling or sudden sinking of the Earth's surface owing to subsurface movement of earth materials." USGS. 2010. Land Subsidence in the United States USGS Fact Sheet-165-00. December. Available at: <http://water.usgs.gov/ogw/pubs/fs00165/>

¹³ Nolte Associates, Inc. & Dunn Environmental, Inc. 2009. *Merced County General Plan Update Qualitative Comparison of Water Supply and Demands in Merced County Technical Memorandum*.

¹⁴ Merced Irrigation District. 2014. 2014 Drought and Water Supply Update.

¹⁵ Howitt, R., Medellin-Azuara, J., Lund, J., & MacEwan, D. (2014). *Preliminary 2014 Drought Economic Impact Estimates in Central Valley Agriculture*. California Department of Food and Agriculture.

¹⁶ Merced County Department of Agriculture. 2013. 2012 Report on Agriculture.

¹⁷ Merced County Department of Agriculture. 2013. 2012 Report on Agriculture.



winter period¹⁸. This has increased industry reliance on forage crops. In the current drought, Central Valley growers are expected to shift water resources from alfalfa to maintain trees and vines¹⁹, meaning that farmers and ranchers will face a simultaneous decrease in available pasture and local forages and increases in feed prices.

Because milk prices are set nationally, Merced's dairies are sometimes unable to raise prices enough to compensate for increased cost of production. Further, lack of pasture is forcing some ranchers to sell their cattle earlier than normal and at a much lighter weight. The drought is therefore likely to have a significant adverse impact on this sector.

Almonds are a long-term investment for the regional economy. Trees require 10 years of growing and a steady supply of water before they yield enough to pay for themselves. In addition, almond trees must receive 3 to 4 AF/AC every year, or nut production will decrease²⁰. Almonds alone use about 10 percent of California's total water supply each year²¹. Once stressed, it takes almond trees a minimum of two years to fully recover (UC Davis, 2014). Further, trees are sensitive to the higher salinity found in deep wells, making it potentially difficult for growers to offset decreases in available surface water²².

California almond growers generally cycle through 30,000 to 40,000 acres of replanted trees each year, which is between 4 and 5 percent of total acreage. Because of severe water shortages this year, estimated removals could increase to 50,000 to 60,000 acres, or 6 to 8 percent²³. A three percent decrease in total productive almond acreage in the Merced Region translates to a reduction of nearly 3,000 acres or a loss of \$39 million direct and indirect revenues for a single year²⁴. If the drought were to continue through 2015 and farmers continued to accelerate the retirement of mature groves at the same rate, that number would likely more than double the adverse effect.

The Merced IRWM region's economy is highly dependent on agriculture. The most lucrative crops within the agriculture sector rely heavily on a consistent water supply. Therefore extended periods of drought have the potential for lasting impacts on the local economy. Initiatives such as groundwater recharge and conservation projects that can reduce pressure on local water supplies will help to stabilize supplies allowing the region to better cope in years of drought and safeguarding important cornerstones of the regional economy.

Other Impacts: As agriculture is the dominant land use in the area, many communities within the IRWM Region are completely reliant on the agricultural economy. A direct result of the drought is the reduction in employment hours on farms, as less work is needed if lands are either fallowed or less production is expected. Reduction in employment hours directly relates to reduced income for families, which affects other aspects of the local economy including the service sector that supports the agricultural community. Within the Le Grand community, the only industry is the Live Oak Farms, a tomato and pepper packing company; it is the second largest consumer of water in Le Grand and employs the majority of Le Grand's residents. Closing of Live Oak Farms due to lack of water would have devastating financial consequences for the community. ***Public health and safety is also a concern for Le Grand. The public schools, which are the third largest users of water in the community, did not have sufficient pressure to flush toilets in May. The schools are currently not in session, but are expected to be back in session in early August. As only one well is in operation at this time, there is major concern that there would not be sufficient water to meet public health and safety needs.*** Appendix 2-3 describes issues currently faced by LGCS.

¹⁸ Long, R. F., & Putnam, D. H. 2014. California's Drought is Shaping up to have Large Impacts on Forages. *Alfalfa & Forage News*. January 21.

¹⁹ Long, R. F., & Putnam, D. H. 2014. California's Drought is Shaping up to have Large Impacts on Forages. *Alfalfa & Forage News*. January 21.

²⁰ Fimrite, P. 2014. California drought: How water crisis is worse for almonds. *San Francisco Chronicle*. March 24.

²¹ Holthaus, E. 2014. The Thirsty West: 10 Percent of California's Water Goes to Almond Farming. That's nuts. *Slate*. May 14.

²² Rodriguez, R. (2014, January 14). San Joaquin Valley farmers take drastic measures to deal with drought. *The Fresno Bee*.

²³ Souza, C. 2014. Drought leads to early removal of almonds. *AgAlert*. February 26.

²⁴ Norton, M., Castillo, A., Doll, D., & Stoddard, S. 2011. Merced County Agriculture. UC Cooperative Extension.



Water Conservation Measures

As a result of the drought, water supplies in Lake McClure are approaching record lows, and storage continues to decrease despite reduced surface water allocations. In addition, there is a substantial and imminent threat to agriculture within the District and Merced County. In an attempt to mitigate these impacts, the MID Board of Directors adopted Resolution No. 2-14-04 on February 4, 2014, which proclaimed a local emergency caused by California's record setting drought conditions (see **Appendix 2-4**). The drought declaration by MID was followed by drought declarations by other agencies in the Region, including the Merced County Board of Supervisors on February 25, 2014, and the LGCSD Board of Directors on March 6, 2014 (Resolution No. 14-01) (see **Appendix 2-5**).

As part of MID's Resolution 2-14-04, MID specified the following:

1. The Board recognizes the hardships that will be experienced, and while programs and efforts have been underway for many years to become more efficient, the Board encourages all of its customers to reclaim, reuse, conserve and use water as efficiently as possible this year;
2. While the District's goal is always to minimize water losses, the Board challenges all of its customers and directs all of its staff to take whatever actions are necessary to reduce and eliminate operational spills;
3. The Board encourages its customers to reduce their water usage and conserve the limited supplies available, such as by taking any of the following actions:
 - a. Check for system leaks and repair them as soon as possible.
 - b. Install and use accurate water delivery meters.
 - c. Use high efficiency irrigation methods.
4. The Board appeals to State, Federal and local agencies as well as water right holders associated with the Merced River to work cooperatively with each other and with the District and its staff to maximize the limited amount of water available for this year's irrigation season.

Voluntary water conservation measures that were originally implemented by MID included increasing water management personnel to monitor the river flows and regulatory requirements to conserve water and to work with growers to increase lead times on ordering water to better manage the MID system.

Historically, MID did not cap the amount of water that growers could purchase. Since the adoption of MID's Resolution 2-14-04, the MID Board of Directors has enacted mandatory conservation (rationing) within the District. MID reduced allocations for its growers set at the beginning of each season from a typical allocation of 3.0 AF/AC to 2.4 AF/AC in 2013 (63 percent reduction) and 1.1 AF/AC in 2014 (73 percent reduction). If the drought were to continue through 2015, MID expects it will set a fixed allocation to its growers at or below 1.1 AF/AC. In addition, MID has conducted a significant public outreach campaign including five town hall meetings and two grower information meetings to discuss water operation rules (e.g., MID's policies on water wheeling and exchanges), the workings of the supplemental water supply program, policies for water theft, new operational procedures that will be implemented during the drought, fees, and water ordering guidelines. The intent of this outreach was to ensure that growers understand the importance of conservation during this drought. MID also sent mailings and newsletters to growers with the same information. MID has also increased patrol of its open canals to minimize water theft, and have instituted monetary penalties for such water thefts.

On March 18, 2014, the MID Board of Directors adopted Resolution 2014-14 to revise Rule 6.6 of MID's Rules and Regulations Governing the Use of District Rules (**Appendix 2-6**). Rule 6.6 addresses the unauthorized use of water, and sets forth that any person who uses MID's water without permission is subject to criminal prosecution and civil liability. The original rule specified that first-time offenders would be required to pay an additional charge, and subsequent offenses would result in forfeiture of the irrigation of water during the remaining season. Resolution 2014-14 revises that rule by setting the charge for the first time offenders as three times the District's in-season



water in effect at the time of unauthorized use for each AF of water taken, plus \$1,000. Subsequent unauthorized uses result in the same charges as above plus the forfeiture of irrigation water for the remainder of the season.

LGCSO has taken multiple actions in early 2014 to address the drought. The backdrop to current actions is that LGCSO has faced limited water supply for many years prior to this current drought. In August 2006, the LGCSO Board of Directors adopted a water metering policy, which required LGCSO to install water meters as funding becomes available. In August 2008, LGCSO adopted water conservation regulations and enforced Water Shortage Level 1 mandatory conservation. Since the drought, the LGCSO Board of Directors has adopted two resolutions in March 2014 that addressed drought related effects, as follows:

- Resolution No 14-01: A Resolution Declaring A Water Shortage Emergency And Order The Implementation Of Water Shortage Level 3 Regulations that applies to the full year (see **Appendix 2-5**): this resolution acknowledges that due to declining production of potable water from existing wells and the continuing water demands, Water Shortage Level 3 must be implemented. Water Shortage Level 3 measures are shown below.
- Resolution No. 14-02: An Ordinance Amending Title VIII of the Policies of the Le Grand Community Services District by Adding Section 8030 Thereto (see **Appendix 2-7**). This resolution adopts Section 8030 as an amendment of the District's Policy Handbook, which prohibits well drilling within the District except by the District, for any other purpose than as a drainage well or a monitoring well,

The LGCSO Policy Handbook (Adopted March 5, 2009) outlines four water shortage Levels, as shown below. As discussed above, Water Shortage Level 3 is currently being implemented, and it is likely that Water Shortage Level 4 will be implemented by the end of the year because LGCSO is currently only operating one well. While LGCSO is in the process of rehabilitating two wells, it is possible that only one well will be fixed by that time.

1060 Water Conservation Regulation

1060.1 Prohibited Acts: The following uses of water are not allowed at any time:

- 1060.1.1 No person shall use water by means of an open hose or open faucet for irrigation purposes. Every hose used for irrigation shall have attached thereto a spray nozzle or sprinkling device.
- 1060.1.2 No person owner or manager responsible for the day to day operation of any premises shall permit flagrant water waste or excessive runoff of water at any time.

1060.2 Water Shortage 1: From Midnight, March 31st, until Midnight, October 31st of each year:

1060.2.1. It is unlawful for any person to use water obtained from the District's water system for any of the following:

- 1060.2.1.1. The washing of sidewalks, drive ways, filling station aprons, porches or other outdoor surfaces, except when necessary to protect the public health and safety;
- 1060.2.1.2. The washing of the exterior of dwellings, building, and structures, with the following exceptions:
 - a. Window washing;
 - b. Washing in conjunction with the painting of the exterior of a dwelling, building or structure
 - c. Washing a dwelling, building or structure may be allowed once every twelve months.

All such exceptions are if and only if the hose used is fitted with an automatic shutoff device if left unattended.

- 1060.2.1.3. The washing of boats or motor vehicles with a hose that is not fitted with an automatic shut off device.



1060.2.1.4 Landscape plants may be watered using District water only between the hours of 7:00 p.m. and 10 a.m. Any watering of landscape plants during any time other than those hours will be in violation of this regulation unless the water is by means of a drip irrigation system or other similar technology.

1060.3 Water Shortage 2: Should the Board of Directors of the District determine that there is a greater scarcity of water available to the District than normally, it may declare a Level 2 Water Shortage emergency. If and when it does so, the following regulations apply until the Board determines that the emergency no longer exists. All Level 1 restriction will continue to apply during a Level 2 Water Shortage Emergency.

1060.3.1 Landscapes, including residential, commercial, industrial, municipal, and other agencies or entities may be irrigated only in accordance with the following schedule:

1060.3.1.1 If the address of the property to which water services is being provided begins with an even number, then landscaping may be irrigated only on Tuesday, Thursday and Saturday, between the hours of 12:01 AM and 9:00 AM and between the hours of 8:00 P.M. and midnight.

1060.3.1.2. If the address of the property to which water service is being provided ends with an odd number, then landscaping may be irrigated only on Wednesday, Friday, and Saturday, between the hours of 12:01 and 9:00 A.M. and between the hours of 8:00 P.M. and midnight.

1060.3.1.3 Notwithstanding the foregoing, landscaping may be watered at any time using drip irrigation or comparable technology.

1060.3.2 The washing of non-commercial sidewalks, driveways, porches or other outdoor surfaces is prohibited except in instances where the spill of a hazardous material or other substance which creates a public nuisance occurs and where it is not feasible to clean the affected areas in any other manner. The washing of non-commercial, outdoor, hard surfaces utilizing a bucket containing a limited amount of water is allowed at any time.

1060.3.3 The washing of commercial sidewalks, driveways filling stations, parking lots or other outdoor surfaces is discouraged.

1060.3.4 The addition of water above the minimum level necessary to comply with health or operational requirements for pool, hot tub or Jacuzzi circulation, public or private is prohibited.

1060.3.5 Car washing is allowed only with the use of self-closing “trigger” spray nozzles.

1060.4 Water Shortage 3: Should the Board of Directors of the District determine that there is a greater scarcity of water available to the District than would warrant a Level 2 Water Shortage Emergency, it may declare a Level 3 Water Shortage emergency. If and when it does so, the following regulations apply until the Board determines that the emergency no longer exists. All Level 1 and Level 2 restrictions continue to apply during a Level 3 Water Shortage Emergency:

1060.4.1. The washing of cars and other vehicles is allowed only by using a bucket;

1060.4.2. No water will be added to any pool, hot tub or Jacuzzi.

1060.4.3. No washing of commercial sidewalks, driveways filling stations, parking lots or other outdoor surfaces

1060.4.4. No restrictions are made as to commercial laundromats.

1060.4.5. No restrictions are made as to commercial car washes employing the use of water recycling equipment.



1060.4.6. No restrictions are imposed with regard to “gray”, (reclaimed waste) water.

1060.5 Water Shortage 4: Should the Board of Directors of the District determine that there is a severe drought or that it is inadvisable to use the District’s supply of treated water for whatever reason, in addition to the restrictions set forth in Level 1, Level 2, and Level 3, the District may impose specific restrictions and reductions which may include but are not limited to:

1060.5.1. All water uses not required for public health and safety and fire protection are prohibited;

1060.5.2. No lawn and/or landscaping watering or irrigation uses are allowed;

1060.5.3. No recreational uses of water are allowed.

As indicated in the handbook, a first-time violation of these regulations would result in a warning. A subsequent violation would result in a fine of up to \$100. More than two violations in any given dry season could result in the termination of water service. Water services would then be reinstated only upon the payment of a \$100 fine. If water service is terminated a second time in the same season, the fine is doubled.

LGCS D expects it will need to go to the next stage of conservation measures by the end of the year, due to concerns that insufficient potable water will be available to meet existing needs, as currently only one well is in operation.

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Appendices 2-1 to 2-7

App. #	Document Title
App. 2-1	Funding Agreement Between California Department of Public and Health and Le Grand Community Services District
App. 2-2	MID Water Allocations During Critically Dry Years
App. 2-3	LGCSO Water Issues Memorandum
App. 2-4	MID Resolution No. 2-14-04 (Drought Declaration)
App. 2-5	LGCSO Resolution No. 14-01 (Drought Declaration)
App. 2-6	MID Resolution 2014-14 (Rule 6.6 Revisions)
App. 2-7	LGCSO Ordinance No. 14-02 (Ordinance Amending Title VIII)

Merced Integrated Regional Water Management Drought Grant Proposal



Appendix 2-1

Funding Agreement Between CDPH and Le Grand CSD



State of California—Health and Human Services Agency
California Department of Public Health



RON CHAPMAN, MD, MPH
Director & State Health Officer

EDMUND G. BROWN JR.
Governor

JUN 30 2014

Mr. Richard Kilgore
Public Works Supervisor
Le Grand Community Services District
13038 Jefferson Street
Le Grand, CA 95333

Dear Mr. Kilgore:

PUBLIC WATER SYSTEM DROUGHT EMERGENCY RESPONSE PROGRAM, GRANT FUNDING FOR LE GRAND COMMUNITY SERVICES DISTRICT, PROJECT NO. PDE-2410011-001

Enclosed is Funding Agreement No. PDE-13014 between Le Grand Community Services District and the California Department of Public Health (CDPH). This Funding Agreement provides for a maximum grant of \$237,000 to assist your community in meeting safe drinking water standards for its domestic water supply. The enclosed Agreement is not binding until signed by both parties. Expedient handling of this agreement is appreciated.

Please note that the Funding Agreement Resolution, which has been reviewed by CDPH, must be executed prior to signing this Funding Agreement. Please have the authorized representative (as noted in the executed Resolution) sign all five signature pages of the Funding Agreement and return the Funding Agreement, five signature pages, and executed Resolution to CDPH for further processing. A copy of the approved agreement will be distributed to you after it is fully executed. Alterations, in general, are not allowed. Alterations and page replacements, if any, must be pre-approved by CDPH and each visible alteration must be initialed by the person who signs the agreement.

Please mail the five signature pages, Funding Agreement, and executed Resolution to:

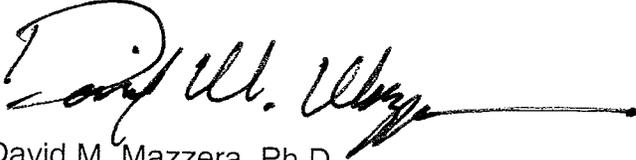
**Division of Drinking Water and Environmental Management
California Department of Public Health
Public Water System Drought Emergency Response Program
Attn: Anne Novak, Chief, Program Support Unit
1616 Capitol Avenue
P.O. Box 997377, MS 7408
Sacramento, CA 95899-7377**

Mr. Richard Kilgore
Page 2 of 2

JUN 30 2014

We anticipate that this funding will assist your system in responding to the recent drought emergency. If you have any questions regarding this letter, please contact District Engineer Kassy Chauhan at (559) 447-3300 or Kassy.Chauhan@cdph.ca.gov

Sincerely,



David M. Mazzera, Ph.D.
Acting Chief
Division of Drinking Water and Environmental Management

Enclosure

cc: Kassy Chauhan
Merced District Engineer
Drinking Water Field Operations Branch
265 West Bullard Ave., Ste. 101
Fresno, CA 93704

Carl Carlucci
Regional Engineer
Drinking Water Field Operations Branch
265 West Bullard Ave., Ste. 101
Fresno, CA 93704

Sara Lowry
Environmental Review Unit
Division of Drinking Water and
Environmental Management
Department of Public Health
P.O. Box 997377, MS 7408
Sacramento, CA 95899-7377

Drought Emergency Grant
Funding Agreement No. PDE-13014

STATE OF CALIFORNIA

HEALTH AND HUMAN SERVICES AGENCY
CALIFORNIA DEPARTMENT OF PUBLIC HEALTH

FUNDING AGREEMENT
BETWEEN
THE STATE OF CALIFORNIA
DEPARTMENT OF PUBLIC HEALTH
AND
LE GRAND COMMUNITY SERVICES DISTRICT

PROJECT NUMBER PDE-2410011-001

FOR A GRANT UNDER THE PUBLIC WATER SYSTEM DROUGHT EMERGENCY
RESPONSE PROGRAM

STATE OF CALIFORNIA

HEALTH AND HUMAN SERVICES AGENCY
CALIFORNIA DEPARTMENT OF PUBLIC HEALTH

FUNDING AGREEMENT
BETWEEN
STATE OF CALIFORNIA
DEPARTMENT OF PUBLIC HEALTH
AND
LE GRAND COMMUNITY SERVICES DISTRICT
PROJECT NUMBER PDE-2410011-001

FOR A GRANT UNDER THE PUBLIC WATER SYSTEM DROUGHT EMERGENCY
RESPONSE PROGRAM

This agreement ("Agreement") is entered into by and between the State of California Department of Public Health herein referred to as "State", and **Le Grand Community Services District**, a **public agency**, in the County of **Merced**, State of California, duly organized, existing, and acting pursuant to the laws thereof, herein referred to as "Supplier", which parties do hereby agree as follows:

SECTION 1. PURPOSE OF FUNDING

This Agreement provides funding in the form of a grant made by State to Supplier pursuant to Senate Bill 103 (Chapter 2, Statutes of 2014) herein referred to as the "Act". and implementing guidelines. The purpose of the grant is to provide funding for a project which will enable Supplier to take action in response to a drought-related drinking water emergency or threatened emergency, which action is more fully described in Exhibit B to this Agreement and is herein referred to as the "Project". Funds may be used only for such eligible project costs as are approved by State.

Supplier is solely responsible for the design, construction, operation, and maintenance of the Project; and for all persons or entities engaged in such work, including but not limited to contractors, subcontractors, suppliers, and providers of services. Review or approval of plans, specifications, bid documents or other Project related documents by State is solely for the

Drought Emergency Grant
Funding Agreement No. PDE-13014

STATE OF CALIFORNIA

HEALTH AND HUMAN SERVICES AGENCY
CALIFORNIA DEPARTMENT OF PUBLIC HEALTH

FUNDING AGREEMENT
BETWEEN
THE STATE OF CALIFORNIA
DEPARTMENT OF PUBLIC HEALTH
AND
LE GRAND COMMUNITY SERVICES DISTRICT

PROJECT NUMBER PDE-2410011-001

FOR A GRANT UNDER THE PUBLIC WATER SYSTEM DROUGHT EMERGENCY
RESPONSE PROGRAM

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STATE OF CALIFORNIA

HEALTH AND HUMAN SERVICES AGENCY
CALIFORNIA DEPARTMENT OF PUBLIC HEALTH

FUNDING AGREEMENT
BETWEEN
STATE OF CALIFORNIA
DEPARTMENT OF PUBLIC HEALTH
AND
LE GRAND COMMUNITY SERVICES DISTRICT
PROJECT NUMBER PDE-2410011-001

FOR A GRANT UNDER THE PUBLIC WATER SYSTEM DROUGHT EMERGENCY
RESPONSE PROGRAM

This agreement ("Agreement") is entered into by and between the State of California Department of Public Health herein referred to as "State", and **Le Grand Community Services District**, a **public agency**, in the County of **Merced**, State of California, duly organized, existing, and acting pursuant to the laws thereof, herein referred to as "Supplier", which parties do hereby agree as follows:

SECTION 1. PURPOSE OF FUNDING

This Agreement provides funding in the form of a grant made by State to Supplier pursuant to Senate Bill 103 (Chapter 2, Statutes of 2014) herein referred to as the "Act", and implementing guidelines. The purpose of the grant is to provide funding for a project which will enable Supplier to take action in response to a drought-related drinking water emergency or threatened emergency, which action is more fully described in Exhibit B to this Agreement and is herein referred to as the "Project". Funds may be used only for such eligible project costs as are approved by State.

Supplier is solely responsible for the design, construction, operation, and maintenance of the Project; and for all persons or entities engaged in such work, including but not limited to contractors, subcontractors, suppliers, and providers of services. Review or approval of plans, specifications, bid documents or other Project related documents by State is solely for the

purpose of proper administration of the funds by State and shall not be deemed to relieve or restrict Supplier's responsibility.

SECTION 2. INCORPORATION OF OTHER DOCUMENTS

This Agreement incorporates by this reference Exhibit A, "Standard Conditions" and Exhibit B "Special Terms and Conditions" and Supplier's request to State for funding under the Act.

Supplier accepts and agrees to comply with all terms, provisions, and condition of this Agreement, including all incorporated documents and exhibits thereto, and to fulfill all assurances, declarations, representations, and statements made by Supplier in its request for funding, including but not limited to any and all plans and specifications submitted to and approved by State.

SECTION 3. PROJECT COST

Supplier represents that the total cost of the Project is estimated to be **\$237,000**.

SECTION 4. GRANT FUNDING

Subject to the availability of funds and in accordance with the terms of this Agreement, State will provide grant funding to Supplier in an amount not to exceed **\$237,000**.

SECTION 5. SUPPLIER'S COST

Supplier agrees to fund any project costs which are in excess of the grant funding, set forth in Section 4, in order to assure a fully funded project; such project costs are herein referred to as "Supplier's Cost." Supplier represents and acknowledges it has access to **\$0** of other available funds for the Project; and Supplier agrees that State shall have no duty to disburse funds under the terms of this Agreement until Supplier demonstrates it has incurred, or will incur, not less than **\$0** of Supplier's Cost for eligible project costs.

SECTION 6. SPECIAL TERMS AND CONDITIONS

Supplier shall satisfy the special terms and conditions set forth in Exhibit B. Failure by Supplier to timely satisfy the special terms and conditions may, at the option of State, result in cancellation of this Agreement under Article A-7 of the Standard Conditions, and/or declaration that Supplier is in default pursuant to Article A-24 of the Standard Conditions.

SECTION 7. PROJECT OFFICIALS AND NOTICES

State's Grant Administrator shall be the Chief, Drinking Water Technical Programs Branch, Division of Drinking Water and Environmental Management, California Department of Public Health. All communications given to State's Grant Administrator shall be deemed given to State.

State's Grant Administrator shall be State's representative for administration of this Agreement, and shall have authority to make recommendations and findings with respect to each controversy arising under or in connection with this Agreement. All such recommendations and findings shall be communicated to the Chief, Division of Drinking Water and Environmental Management of the California Department of Public Health, and disputes shall be resolved in accordance with Article A-22 of the Standard Conditions.

Supplier's Grant Administrator shall be its **Public Works Supervisor**. Supplier's Grant Administrator shall be Supplier's representative for administration of this Agreement. All communications given to Supplier's Grant Administrator shall be deemed given to Supplier.

Either party may change its Grant Administrator upon written notice to the other party.

Notices required to be given in writing by Supplier under this Agreement shall be sent to:

State of California
California Department of Public Health
Division of Drinking Water and
Environmental Management
Attention: PWS Drought Emergency Response Program
1616 Capitol Avenue, MS 7408
Post Office Box 997377
Sacramento 95899-7377

Notices required to be given in writing by State under this Agreement shall be sent to:

Le Grand Community Services District
Attn: Richard Kilgore, Public Works Supervisor
13038 Jefferson Street
Le Grand, CA 95333

A change of address for delivery of notice may be given by written notice to the other party.

All written notices that are required either expressly or by implication to be given by one party to the other under this Agreement shall be signed for State by its Grant Administrator and for Supplier by its Grant Administrator. Except as otherwise expressly required by this Agreement, all such notices shall be deemed to have been given if delivered personally or if

enclosed in a properly addressed postage-prepaid envelope and deposited in a United States Post Office for delivery by registered or certified mail.

SECTION 8. MISCELLANEOUS PROVISIONS

ATTORNEY FEES

In the event either party commences an action or proceeding concerning the subject matter of this Agreement, the prevailing party in such action or proceeding shall be entitled to recover reasonable attorney fees incurred therein.

SEVERABILITY

If any provision of this Agreement is held invalid or unenforceable by any court of final jurisdiction, it is the intent of the parties that all other provisions of this Agreement be construed to remain fully valid, enforceable, and binding on the parties.

GOVERNING LAW

This Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

CHILD SUPPORT COMPLIANCE ACT

Supplier acknowledges that it is the policy of this state that anyone who enters into a contract with a state agency shall recognize the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family Code. Supplier further acknowledges that to the best of its knowledge it is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department.

LEGAL CAPACITY

Supplier hereby warrants and represents that it is a legal entity in good standing and has the authority to enter into this Agreement.

Supplier shall notify State as promptly as feasible of any proposed change in Supplier's ownership, organization, legal form or service area.

VENUE

The parties agree that venue of any action between the parties arising out of this Agreement, including disputes that may arise following termination of the Agreement, shall be County of Sacramento, State of California.

DATE OF EXECUTION

Date of Execution of this Agreement is the date of the latest in time execution by a party hereto.

EXHIBIT A

STANDARD CONDITIONS

ARTICLE A-1. DEFINITIONS

Whenever in this Agreement the following terms are used, their meaning shall be as follows unless the context clearly requires otherwise:

Agreement--The Funding Agreement to which this Exhibit A "Standard Conditions" is appended.

Days--Calendar days unless otherwise expressly indicated.

Month--Calendar month unless otherwise expressly indicated.

Year--Calendar year unless otherwise expressly indicated.

Eligible Project Costs--Those project costs which are eligible for funding under the Act and applicable State law and implementing guidelines.

Force Account--The use of Supplier's own employees or equipment on the Project.

Grant Amount--The total amount disbursed to Supplier under this Agreement.

Public Water System -- has the meaning set forth in Part 12, Chapter 4 (commencing with Section 116270), of Division 104 of the Health and Safety Code, as it may be amended.

ARTICLE A-2. TERM OF AGREEMENT

Subject to the provisions of Article A-7, this Agreement shall become effective on the date of its execution and shall remain in effect until **six (6) months** following the Project Completion Date set forth in Article A-8; and such period of time shall be the Term of this Agreement.

ARTICLE A-3. BASIC CONDITIONS PRECEDENT

State shall have no obligation to disburse funds under this Agreement unless and until:

- (a) Supplier has provided satisfactory documentation of the action taken by its governing body authorizing it to enter into this Agreement, and designating a representative to execute this Agreement and to sign claim(s) for disbursement of funds (**Attachment 1** of this Agreement).
- (b) Supplier has submitted to State an Initial Budget and Expenditure Summary in substantially the form of **Attachment 2** to this Agreement.

ARTICLE A-4. COMPLIANCE WITH LAWS, REGULATIONS, AND PERMIT REQUIREMENTS

Supplier shall at all times comply with, and require its contractors and subcontractors to comply with, all applicable federal and state laws, rules and regulations, permits, and all applicable local ordinances, including, but not limited to, environmental, labor, procurement and safety laws, rules, regulations, permits, and ordinances.

ARTICLE A-5. PROJECT CHANGES

The Project shall be carried out in accordance with the Project Description set forth in Exhibit B to this Agreement and the Budget and Expenditure Summary required by Article A-3(b) of this Agreement. Supplier shall not make any change in the Project without receiving prior written approval from State.

ARTICLE A-6. DISBURSEMENTS BY STATE

(a) Claims

Supplier shall request disbursement by submitting to State a claim(s) for incurred Project costs. A claim for disbursement of funds shall be provided in the form of **Attachment 3** to this Agreement.

(b) Disbursements

Following the review and approval of a claim by State, it will disburse to Supplier an approved amount, subject to any retention requirements specified in Exhibit B, Special Terms and Conditions, and subject to the availability of funds. Any and all funds disbursed to Supplier under this Agreement, and any and all interest earned by Supplier on such funds, shall be used solely to pay Eligible Project Costs.

(c) Rejection of Claims

A claim may be rejected by State if:

- (1) it is submitted without signature;
- (2) it is submitted under signature of a person other than Supplier's duly authorized representative;
- (3) Supplier fails to timely submit a final claim within the time period specified in Article A-6(f);

State will notify Supplier of any claim so rejected, and the reasons therefore.

(d) Correction of Claims

A claim containing a mathematical error will be corrected by State, after telephone notification to Supplier, and will thereafter be treated as if submitted in the corrected amount. State will confirm correction of the error, to Supplier, in writing.

(e) Adjustments to Claims

If upon review of a claim State determines that any portion or portions of the costs claimed are ineligible to be funded under the Act, State law, implementing criteria, or the terms of this Agreement, State will notify Supplier, by certified or registered mail, of its determination concerning Supplier's failure to adequately document costs as Eligible Project Costs. Supplier may, within thirty (30) days of the date of receipt of such notice, submit additional documentation or evidence to cure such deficiency(ies). If Supplier does not submit additional information, or if State determines such additional information to be inadequate, State will adjust the pending claim by the amount of the ineligible cost(s).

Supplier may submit additional documentation or evidence, and resubmit any such rejected costs on a subsequent claim.

(f) Final Claim and Disbursement

Not later than two (2) months from the Project Completion Date, as set forth in Article A-8, Supplier shall submit a final claim. With the final claim, Supplier shall provide:

- (1) A statement of full written disclosure of all sources and amounts of funds contributed to the Project;

- (2) A certification by Supplier's Grant Administrator that the data disclosed is true and correct;
- (3) Proof of a Recorded Notice of Completion for all Project construction activities;
- (4) A fully executed "Final Release" in the form of **Attachment 4** to this Agreement.

Should Supplier fail to make the full disclosure and certification required by parts 1 and 2 of this paragraph (f), or should State become aware through any means that Supplier did not disclose all funding sources for the project; the project may be referred to the California Department of Finance for a full project audit.

(g) Force Account

Costs of construction or construction related activities, engineering, legal, and administrative activities performed by Force Account, if determined by State, in its sole discretion, to be Eligible Project Costs, may be eligible for grant funding pursuant to the terms of this Agreement.

When Supplier uses the services of its own employees, Supplier shall establish accounts and maintain records which reasonably document all employee hours and costs charged to the Project and the associated tasks performed by each employee.

ARTICLE A-7. WITHHOLDING OF GRANT DISBURSEMENTS BY STATE AND CANCELLATION OF AGREEMENT

(a) Conditions for Withholding

If State determines that the Project is not being carried out substantially in accordance with the provisions of this Agreement or that Supplier has failed in any other respect to comply with the terms and conditions of this Agreement, State may give written notice of such failure to comply. If Supplier does not cure any such failure to State's satisfaction within ten (10) calendar days of receipt of such notice, State may withhold from the Supplier all or any portion of the grant funding and take any other action that it deems necessary to protect its interests, including but not limited to declaring Supplier in default as set forth in Article A-24, or canceling this Agreement pursuant to Subpart (b) of this Article A-7.

(b) Withholding Entire Grant Amount

If State determines to withhold the entire Grant Amount from Supplier pursuant to Subpart (a) of this Article A-7, notice of such a determination shall constitute a notice of cancellation of this Agreement, and this Agreement shall no longer be binding on any party hereto. Said Notice of Cancellation shall be sent to Supplier by certified or registered mail, and shall be effective upon receipt.

(c) Withholding Balance of Grant Amount

When a portion of the grant amount has been disbursed to Supplier and State determines to withhold funding, State will notify Supplier in writing, via certified or registered mail, that State is withholding the balance of the funding from Supplier, pursuant to Subpart (a) of this Article A-7. In such event, Supplier will be deemed to be in default and subject to the provisions of Article A-24.

ARTICLE A-8. TIMING OF PROJECT

(a) Supplier agrees to proceed expeditiously, and shall:

(1) commence the Project no later than **thirty (30) days** from the Date of Execution of this Agreement; and

(2) meet a Project Completion Date of no later than **ninety (90) days** from the Date of Execution of this Agreement.

(b) Supplier's failure to timely commence the Project or to meet said Project Completion Date may, at the option of State, be considered a material breach of agreement and may be treated as a default under Article A-24. The facility shall not be placed into operation until State has conducted a final inspection and notifies Supplier in writing that the Project is complete.

(c) When the Project is complete, Supplier shall certify to State that the Project is complete in accordance with the Project description set forth in Article B-2 of Exhibit B, hereto, and any approved plans and specifications, and is ready for final inspection by State. The date of such certification by Supplier shall be the Project Completion Date for purposes of this Agreement.

ARTICLE A-9. SUPPLIER'S CONTRACTS

Supplier shall be solely responsible for resolution of any and all disputes arising out of or related to Supplier's construction and contracts for construction of the Project, including but not limited to bid disputes and payment disputes with Supplier's

contractors and subcontractors and shall provide appropriate releases (as set forth in California Civil Code Title 15) as may be requested by State.

ARTICLE A-10. AUDIT AND INSPECTION OF BOOKS AND RECORDS

- (a) Upon execution of this Agreement and until 3 years following final disbursement under this Agreement, pursuant to Government Code Section 8546.7, the parties shall be subject to the examination and audit by State or any agent thereof, and the State Auditor, with respect to all matters connected with the performance of this Agreement, including, but not limited to, the cost of administering this Agreement. If any litigation, claim, negotiation, audit or other action is commenced before the expiration of said three (3) year period, all records must be retained until such action is resolved, or until the end of said three (3) year period whichever shall later occur. All records of Supplier relating in any way to funding received pursuant to this Agreement shall be preserved for this purpose.
- (b) During regular office hours, each of the parties hereto and their duly authorized representatives shall have the right to inspect and to make copies of any books, records, or reports of either party pertaining to this agreement or matters related hereto. Each of the parties hereto shall maintain and shall make available at all times for such inspection accurate records of all its costs, disbursements, and receipts with respect to its activities under this Agreement. Failure or refusal by Supplier to comply with this provision shall be considered a substantial failure to comply with this Agreement. State may declare Supplier in default as set forth in Article A-24, withhold disbursements to Supplier, or take any other action it deems necessary to protect its interests. The provisions of this Subpart (b) shall be effective until expiration of the time period provided in Subpart (a) of this Article A-10.

ARTICLE A-11. REMITTANCE OF FUNDS BY SUPPLIER

Within thirty (30) days following the date of final disbursement of funds, Supplier shall remit to State any funds that were disbursed under this Agreement and were not utilized to pay Eligible Project Costs. Such funds will not be included in the Grant Amount.

ARTICLE A-12. ACCOUNTING AND DEPOSIT OF GRANT DISBURSEMENTS

(a) Separate Accounting of Grant Disbursements

Supplier shall account for the funds disbursed pursuant to this Agreement separately from all other Supplier's funds. Supplier shall maintain accounting

procedures that are in accordance with Generally Accepted Accounting Principles. Supplier shall keep complete and accurate records of all receipts, disbursements, and interest earned on such funds.

Supplier shall require its agents, contractors and subcontractors to maintain books, records, and other documents pertinent to their work in accordance with Generally Accepted Accounting Principles. Such records shall be subject to inspection by State at any and all reasonable times.

(b) Disposition of Funds Disbursed

In addition to specific requirements set forth in this Agreement, all funds disbursed pursuant to this Agreement shall be deposited, administered, and accounted for pursuant to all provisions of law applicable to Supplier.

(c) Interim and Final Audits

In addition to the provisions of Article A-10, at any time following execution of this Agreement and until completion of the Project, or final disbursement whichever shall occur last, State reserves the right to conduct an audit of Supplier's disposition of all funds disbursed under this Agreement.

Failure or refusal by Supplier to comply with these provisions shall be considered a substantial breach of this Agreement.

ARTICLE A-13. INSPECTIONS OF PROJECT BY STATE

State shall have the right but not the duty to inspect the work being performed on the Project at any and all reasonable times during the term of this Agreement. This right shall extend to any subcontracts, and Supplier shall include provisions ensuring such access in all its contracts or subcontracts related to the Project.

ARTICLE A-14. PROHIBITION AGAINST DISPOSAL OF PROJECT WITHOUT STATE PERMISSION

During the term of this Agreement Supplier shall not sell, abandon, transfer, or encumber in any manner whatsoever all or any portion of the Project or any real or other property necessarily connected or used in conjunction with the Project, without prior written consent of State.

ARTICLE A-15. NONDISCRIMINATION CLAUSE

During the performance of this Agreement, Supplier, its contractors and subcontractors, shall not deny the Agreement's benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age, or sex. Supplier, its contractors and subcontractors shall ensure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

Supplier, its contractors and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.), the regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code, Sections 11135-11139.5) and the regulations or standards adopted by the awarding State Agency to implement such article.

By signing this Agreement, Supplier assures State that it shall comply with the requirements of the Americans with Disabilities Act (ADA) of 1990, (42 U.S.C. 12101 et seq.), which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA; the Civil Rights Act of 1964, as amended, 42 U.S.C. 2000d (1988) et seq.; Section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. 794 (1989); Federal Water Pollution Control Act Amendments of 1972, Pub.L. No. 92-500, 86 Stat 816; and the Age Discrimination Act of 1975, as amended, 42 U.S.C. 6102 (1994); together with all applicable regulations and guidelines adopted to implement same. Said group of laws and requirements are collectively referred to in this Agreement as the "anti-discrimination laws".

Supplier agrees to collect and maintain information to show compliance with the "anti-discrimination laws" including a list of discrimination complaints, reports of any compliance reviews conducted by other agencies descriptions of any pending discrimination-based lawsuits and data on the racial, ethnic, national origin, sex and handicap characteristics of the population it serves.

Supplier, its contractors and subcontractors shall give written notice of their obligations under this Article to labor organizations with which they have a collective bargaining or other agreement.

Supplier's signature on this Agreement shall constitute a certification under penalty of perjury under the laws of the State of California that Supplier has, unless exempted, complied with the nondiscrimination program requirements of Government Code, Section 12990, and Title 2, California Code of Regulations, Section 8103.

Supplier shall include the nondiscrimination and compliance provisions of this Article A-15 in all contracts and subcontracts to perform work on the Project.

ARTICLE A-16. WORKERS' COMPENSATION CLAUSE

Supplier affirms that it is aware of the provisions of Section 3700 of the California Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and Supplier affirms that it will comply with such provisions before commencing performance of work under this Agreement and will make its contractors and subcontractors aware of this provision.

ARTICLE A-17. SUCCESSORS AND ASSIGNS

This Agreement and all of its provisions shall inure to the benefit of, apply to, and bind the heirs, successors and assigns of the parties hereto. No assignment or transfer of this Agreement or any part hereof by Supplier shall be valid unless and until it is approved by State and made subject to such reasonable terms and conditions as State may impose.

ARTICLE A-18. STATE TO BE HELD HARMLESS

Supplier shall indemnify, hold harmless, protect and defend State and its officers, employees, agents and representatives from any loss, suit, action or claim brought for, or on account of any violation of law, ordinance, rule, or regulation, or any injury, damage, or loss, including death, caused by acts or omissions of Supplier, its employees, contractors, or agents; or in any way arising from, or related to the Project.

ARTICLE A-19. REMEDIES NOT EXCLUSIVE

The use by either party of any remedy specified herein for the enforcement of this Agreement is not exclusive, and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.

ARTICLE A-20. AMENDMENTS

This Agreement may be amended only by mutual written agreement signed by the parties hereto. Requests by Supplier for amendments must be in writing stating the amendment request and the reason for the request.

ARTICLE A-21. WAIVER OF RIGHTS

It is the intention of the parties hereto that from time to time either party may waive any of its rights under this Agreement unless contrary to law. Any waiver by either party hereto of rights arising in connection with this Agreement shall not be deemed to be a waiver with respect to any other rights or matters.

ARTICLE A-22. DISPUTE CLAUSE

Any dispute that Supplier may have regarding the performance of this Agreement including, but not limited to, claims for additional disbursements of funds or extension of time, shall be submitted to State's Grant Administrator identified in Section 10 of this Agreement. State's Grant Administrator may make findings and recommendations and transmit a copy of the claim and any such findings and recommendations to the California Department of Public Health, Chief, Division of Drinking Water and Environmental Management, who shall make a decision on such dispute which decision shall be in writing and transmitted to Supplier by certified or registered mail. Said decision shall be final and conclusive.

ARTICLE A-23. PERFORMANCE AND ASSURANCES

Supplier agrees to faithfully and expeditiously perform or cause to be performed all Project work as described in Exhibit B and any final plans and specifications as submitted to and approved by State, and to apply funds received only to Eligible Project Costs and to operate and maintain the Project in accordance with applicable provisions of the law.

ARTICLE A-24. DEFAULT PROVISIONS

- (a) Supplier will be in default under this Agreement if any of the following occur:
- (1) Supplier's failure to make any remittances required by this Agreement;
 - (2) Supplier's substantial breach of this Agreement, or any supplement or amendment to it;
 - (3) Supplier's making of any false warranty, representation, or statement with respect to this Agreement or the Project;
 - (4) Dissolution or cessation of operations by Supplier, termination of Supplier's existence, insolvency of Supplier, or filing of a voluntary or involuntary bankruptcy petition by or on behalf of Supplier; and/or

- (b) When an event of default occurs, State may give Supplier notice of default. Supplier shall have ten (10) calendar days from the date of such notice to cure the default. If Supplier fails to timely cure the default to the satisfaction of State, then State may do any or all of the following:
- (1) Declare that any and all amounts disbursed to Supplier under the terms of this Agreement shall be deemed an obligation of Supplier and due and payable to State;
 - (2) Declare Supplier's obligations immediately due and payable, with or without demand or notice to Supplier, which Supplier expressly waives;
 - (3) Terminate any obligation of State to make further disbursements to Supplier under this Agreement;
 - (4) Perform any of Supplier's obligations under this Agreement for Supplier's account; and/or
 - (5) Take any other action it deems necessary to protect its interests.
- (c) Supplier agrees that any remedy provided in this Agreement is in addition to and not in derogation of any other legal or equitable remedy available to State as a result of a breach of agreement by Supplier, whether such breach occurs before or after completion of the Project.
- (d) No waiver by State of any breach or default will be a waiver of any other breach or default.

ARTICLE A-25. DRUG-FREE WORKPLACE CERTIFICATION

By signing this Agreement, Supplier hereby certifies under penalty of perjury under the laws of the State of California that Supplier will comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code Section 8350 et seq.) and will provide a drug-free workplace by taking the following actions:

- (a) Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- (b) Establish a Drug-Free Awareness program to inform employees about all of the following:
 - (1) The dangers of drug abuse in the workplace;

- (2) The person's or organization's policy of maintaining a drug-free workplace;
 - (3) Any available counseling, rehabilitation and employee assistance programs;
 - (4) Penalties that may be imposed upon employees for drug abuse violations.
- (c) Every employee who works on the Project:
- (1) Shall be issued a copy of Supplier's drug-free policy statement;
 - (2) Shall agree to abide by terms of Supplier's statement as a condition of employment on the Project.

This Agreement may be subject to suspension of payments or termination, or both, and Supplier may be subject to debarment if State determines that: (1) Supplier has made a false certification, or (2) Supplier has violated the certification by failing to carry out the requirements of this Article A-25.

ARTICLE A-26. CONFLICT OF INTEREST--CURRENT AND FORMER STATE EMPLOYEES

- (a) Current State Officers and Employees:
- (1) Supplier shall not utilize in the performance of this Agreement any state officer or employee in the state civil service or other appointed state official unless the employment, activity, or enterprise is required as a condition of the officer or employee's regular state employment. Employee in the state civil service is defined to be any person legally holding a permanent or intermittent position in the state civil service.
 - (2) If any state officer or employee is utilized or employed in the performance of this Agreement, Supplier shall first obtain written verification from State that the employment, activity, or enterprise is required as a condition of the officer's, employee's, or official's regular state employment and shall keep said verification on file for three (3) years after the termination of this Agreement.
 - (3) Supplier may not accept occasional work from any currently employed state officer, employee, or official.
 - (4) If Supplier accepts volunteer work from any currently employed state officer, employee, or official, Supplier may not reimburse, or otherwise pay or compensate, such person for expenses incurred, including, without

limitation, travel expenses, per diem, or the like, in connection with volunteer work on behalf of Supplier.

- (5) Supplier shall not employ any state officers, employees, or officials who are on paid or unpaid leave of absence from their regular state employment.
- (6) Supplier or anyone having a financial interest in the Agreement may not become a state officer, employee, or official during the term of this Agreement. Supplier shall notify each of its employees, and any other person having a financial interest in this Agreement that it is unlawful under the Public Contract Code for such person to become a state officer, employee, or official during the term of this Agreement unless any relationship with the Supplier giving rise to a financial interest, as an employee or otherwise, is first terminated.
- (7) Occasional or one-time reimbursement of a state employee's travel expenses is not acceptable.

(b) Former State Officers and Employees:

- (1) Supplier shall not utilize in the performance of this Agreement any formerly employed person of any state agency or department that was employed under the state civil service, or otherwise appointed to serve in the State Government, if that person was engaged in any negotiations, transactions, planning, arrangement, or any part of the decision making process relevant to the Agreement while employed in any capacity by any state agency or department. This prohibition shall apply for a two (2) year period beginning on the date the person left state employment.
- (2) Supplier shall not utilize within twelve (12) months from the date of separation from services, a former employee of the contracting state agency or department if that former employee was employed in a policy making position in the same general subject area as the proposed Agreement within the twelve (12) month period prior to the employee leaving state service.

ARTICLE A-27. PROHIBITED USE OF STATE FUNDS FOR SOFTWARE

Supplier certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this Agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.

EXHIBIT B

SPECIAL TERMS AND CONDITIONS

ARTICLE B-1. DESCRIPTION OF DROUGHT-RELATED DRINKING WATER EMERGENCY

Supplier is a community water system, as defined pursuant to Health and Safety Code Section 116275(i), that serves 455 connections in the County of Merced, and is experiencing a threatened emergency as defined in the Act's implementing guidelines, dated March 28, 2014. **Supplier** lost their ability to maintain system pressure for normal operation on Friday, May 16, 2014 when Well No. 2 failed and Well No. 1A was down for repairs. Currently wells No. 1A and No. 4 are operating and maintaining system pressure of approximately 42 psi. Well No. 2 lost suction due to drop in the groundwater table from 60 feet below grade to 80 feet. Well No. 1A and Well No. 4 are operating outside of their normal operating parameters due to the failure of Well No. 2. The system would not be able to meet demands if either Well No. 1A or Well No. 4 failed, thus creating a threatened emergency that is further described in **Attachment 5** of this Agreement.

ARTICLE B-2. PROJECT DESCRIPTION

Supplier is proposing a two phased project. The first phase will consist of: 1) Interim water hauling to the community. 2) Temporary rehabilitation of well No. 2, including lowering the pump bowls to enable **supplier** to have two operational wells during the rehabilitation work. 3) Rehabilitation of Well No. 4, include pulling the pump, motor and column and inspecting and replacing worn components, TV the well, clean, pump and add additional gravel. If necessary, **supplier** will perform the second phase which includes the rehabilitation of Well No. 1A. The work includes pulling the pump, motor and column and inspecting and replacing any worn parts. The Project is fully described in **Attachment 5** of this agreement.

ARTICLE B-3. SUPPLIER'S CERTIFICATION

- (1) By its signature to this Agreement, Supplier certifies that the description of emergency or threatened emergency in Article B-1 of this Exhibit B is accurate, and that the Project described in Article B-2 of this Exhibit B is necessary to address said drought related drinking water emergency or threatened emergency.
- (2) By its signature to this Agreement, Supplier certifies, that to the best of its knowledge, there are no funds available for the Project in excess of the amount it agrees to demonstrate as incurred or to be incurred, as set forth in Section 5 of this Agreement, prior to State's disbursement of funds under the terms of this Agreement.

ARTICLE B-4. OTHER TERMS AND CONDITIONS.

- (1) Notwithstanding any other provision of this Agreement, including but not limited to Article A-6 (f) hereof, State shall have no duty to disburse funds under this Agreement after June 30, 2016.
- (2) Except as may be determined by, and at the sole discretion of State, **Supplier** shall be reimbursed only for Eligible Project Costs incurred on or after January 17, 2014, the date of the State of Emergency declaration.
- (3) Not later than thirty (30) days following Date of Execution of this Agreement, **Supplier** shall submit a draft drought response plan to State's **Merced** District Office for its review and comment. At a minimum **Supplier's** drought response plan shall include an implementation schedule and shall address all wasteful uses of domestic water within Supplier's service area including, but not limited to, landscape watering and washing of windows, vehicles, sidewalks and other exterior surfaces. Not later than forty-five (45) days following receipt of comments from State, Supplier shall prepare a final drought response plan, which plan shall address all comments received from State; and shall submit the final drought response plan to State's **Merced** District Office for review and written approval. **Supplier's** final and approved drought response plan is herein referred to as its "Drought Response Plan".
- (4) **Supplier** expressly agrees to implement its Drought Response Plan in accordance with the schedule set forth therein. If, upon Date of Execution of this Agreement, **Supplier** is already implementing water conservation measures substantially in conformance with the requirements of this Article B-4, **Supplier** may incorporate such measures into its Drought Response Plan.
- (5) **Supplier** expressly agrees that its failure to implement its Drought Response Plan constitutes a threatened violation of its duty, pursuant to Health & Safety Code, section 116555, to provide a reliable and adequate supply of pure, wholesome, healthful, and potable water; and **Supplier** further expressly agrees that State may issue a compliance order, pursuant to Health & Safety Code section 116655, directing **Supplier's** compliance with its Drought Response Plan. **Supplier** further agrees that the terms and conditions of this Article B-4, paragraph five (5) shall survive termination of this Agreement for any reason.
- (6) **Supplier** shall ensure that all components that come into contact with the potable water supply are ANSI/NSF Standard 61-certified.
- (7) **Supplier** shall provide the State's Merced District Office with Project status updates at a minimum of one time each month.

- (8) **Supplier** shall provide the results of the Well No. 4 video inspection to the State's Merced District Office and receive approval prior to proceeding further with the Well No. 4 rehabilitation.
- (9) **Supplier** shall consult with the State's Merced District Office prior to proceeding with Phase 2 of the Project. State will evaluate whether or not there is a need for further rehabilitation work to be performed to provide a solution to the drought emergency.
- (10) **Supplier** shall ensure that the water produced by Well No. 1A, 2 and Well No. 4 meets the primary and secondary drinking water standards.
- (11) **Supplier** shall immediately contact the State's Merced District Office if there is any change in the operational status of Well No. 1A, Well No. 2 (once online) or Well No. 4.

Le Grand Community Services District

CALIFORNIA DROUGHT NOTICE TO CUSTOMERS

Current drought conditions in California and the lack of available surface water has created a greater need for area wells to draw more from the areas groundwater in and around Le Grand. In the past few years the water levels in the Districts wells has dropped to the point that our equipment is having trouble providing a steady volume of water and maintaining water pressure.

The District is in the process of obtaining a grant from the State of California to work on the wells to return the water system to full capacity. The grant is a gift of money from the State's Drought Assistance fund and thus is at no cost to the District or its customers.

The District currently has three wells in operation. The following is the Districts plan to use the grant funds on these wells:

Well 2 – This well is partially collapsed and has been used in the past only when the other wells were not able to meet demand. The District is working to restore this well so it can provide additional water while work on other wells is being performed.

Well 4 – This well will be redeveloped with new equipment to draw water from the lower groundwater levels. The new equipment will allow the well to provide more water and increase pressure to the system.

Well 1A – This has been the Districts primary source of water for many years. Once the other two wells have returned to use, this well will be upgraded to full capacity to draw water from deeper groundwater levels.

During the work on the wells, customers will notice work being done at each of the well sites. During the work on the wells, it will be necessary to pump water from the wells causing water to be running into the streets. The water flow will only be as required to complete the work.

The District is also working to test and develop a potential new well for the system. This test well was drilled as part of a proposed development and if, after testing the well, it meets State of California standards, the site will be purchased and developed. This new well would help create more capacity and better water pressure for the entire system.

The District is currently working under Water Shortage Level 3 restrictions. During the work to upgrade and restore the water system, it may be necessary for the District to implement Water Shortage Level 4. (See attached.) Customers will be notified when Level 4 is implemented and the District asks that our customers assist everyone in the community by complying with these restrictions on water use. The Level 4 restrictions will be returned to Level 3 as quickly as possible.

Merced Integrated Regional Water Management Drought Grant Proposal



Appendix 2-2

MID Water Allocations During Critically Dry Years

Historical MID Water Allocations

Year	Water Curtailment	AF/AC
1977	Yes	1.5
1988	Yes	3
1989	Yes	2.5
1990	Yes	2
1991	Yes	2.5
1992	Yes	2.5
1993	No	-
1994	No	-
1995	No	-
1996	No	-
1997	No	-
1998	No	-
1999	No	-
2000	No	-
2001	No	-
2002	No	-
2003	No	-
2004	No	-
2005	No	-
2006	No	-
2007	No	-
2008	yes	2.5
2009	No	-
2010	No	-
2011	No	-
2012	Yes	2.5
2013	Yes	2.4
2014	Yes	1.1
Average		2.25
Typical usage		3.0
% Reduction of water supply during critically dry years		75%

Merced Integrated Regional Water Management Drought Grant Proposal



Appendix 2-3

LGCSO Water Issues Memorandum

**13038 JEFFERSON STREET
LE GRAND, CA 95333
209-389-4173
July 11, 2014**

LE GRAND CSD

Memo

Beginning the first part of May of this year, the District has had numerous calls from customers complaining of low water pressure, or sand/dirt in their water. The low cost housing apartments, which contain thirty-seven units have complained their sprinklers were no longer coming on, and the residents were complaining of low water pressure. The second week in May the local elementary and high schools called complaining that they had little or no water pressure. The children were having problems flushing the toilets, the janitors would check the bathrooms periodically to assure the toilets would flush. This was our major concern. Is this going to be a health and safety issue? The public works superintendent called and I e-mailed our County Supervisor, John Pedrozo, explaining to him we had run out of options. He opened the doors allowing us to get funding from the state to rehab the wells.

Fortunately, the schools closed in May for the summer. Our only industry, Live Oak Farms, packs tomatoes and peppers are now started their season. Live Oaks employees a majority of Le Grand's residents. If the shed goes down, many of the local residents will be unemployed. The apartment complex is the largest user of the District's water, with Live Oak and then the local school behind them.

Many of our residents do not speak English, but fortunately we have a Spanish speaking office clerk. Two residents came in today to complain of sand in their water, one lives on Fillmore Court, close to Well Site Four, and the other lives on Cook Street near Well Site One A.

If you need anymore information, please call me at 389-4173. I will forward anything you need. And I apologize for the packaging, but we do not have UPS, so I wanted to get this to you ASAP.

Again, thanks for your help.

Pat Mize, District Manager

Le Grand Community Services District.

Merced Integrated Regional Water Management Drought Grant Proposal



Appendix 2-4

MID Resolution No. 2-14-04 (Drought Declaration)

**MERCED IRRIGATION DISTRICT
RESOLUTION NO. 2014-04**

**PROCLAMATION OF THE MERCED IRRIGATION DISTRICT OF A LOCAL EMERGENCY CAUSED BY
CALIFORNIA'S RECORD SETTING DROUGHT CONDITIONS**

WHEREAS, the Merced Irrigation District (the "District") is a conjunctive use district, which relies predominantly on surface water supplies as they are available to supply water to its irrigation customers, drawing from the groundwater aquifer by necessity or in dry years to supplement available surface water supplies;

WHEREAS, thousands of small family farms within eastern Merced County rely on the District to supply them with irrigation water for their farms and businesses, and are likely to suffer extreme hardship due to the lack of available water supplies;

WHEREAS, the state of California is in the 3rd year of a drought, this year in particular is projected to be the driest year in recorded history;

WHEREAS, the state's water supplies are at record lows, and in particular the water supplies for the District in Lake McClure are at near record lows, and are projected to reach minimum pool early in the irrigation season even with significantly reduced surface water allocations to its customers;

WHEREAS, these unprecedented conditions pose a substantial and imminent threat to agriculture within the District and in Merced County, which could be especially far reaching on permanent crops and live stock;

WHEREAS, because of the ongoing drought conditions, exacerbated by the record setting dry conditions of this current year, the Governor of California declared a drought state of emergency for California on January 17, 2014 and outlined a series of recommendations and actions that state and local agencies, as well as individual citizens and business can take to lessen the impacts of the drought, and streamline actions or projects that might be implemented to mitigate the drought's effects;

WHEREAS, applicable provisions of law, including but not necessarily limited to Water Code §1058.5, authorize and empower the District to make emergency findings, and pursuant thereto and in response to the drought conditions that exist in this 3rd consecutive year of record setting drought, the Board hereby finds it necessary to make an emergency declaration effective immediately in order to, among other things, prevent the waste, unreasonable use, unreasonable method of use, unreasonable method of diversion, of water, and to promote water reclamation, reuse, conservation and efficiency to the greatest extent possible;

THEREFORE, BE IT RESOLVED THAT the facts contained in the recitals above are true and correct, and the Board so finds and determines.

FURTHER, BE IT RESOLVED THAT:

1. The Board recognizes the hardships that will be experienced, and while programs and efforts have been under way for many years to become more efficient, the Board encourages all of its customers to reclaim, reuse, conserve and use water as efficiently as possible this year;
2. While the District's goal is always to minimize water losses, the Board challenges all of its customers and directs all of its staff to take whatever actions are necessary to reduce and eliminate operational spills;
3. The Board encourages its customers to reduce their water usage and conserve the limited supplies available, such as by taking any of the following actions:
 - a. Check for system leaks and repair them as soon as possible.
 - b. Install and use accurate water delivery meters.
 - c. Use high efficiency irrigation methods.
4. The Board appeals to State, Federal and local agencies as well as water right holders associated with the Merced River to work cooperatively with each other and with the District and its staff to maximize the limited amount of water available for this year's irrigation season.

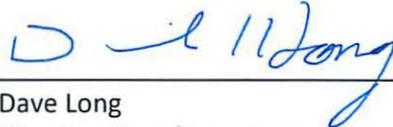
FURTHER, BE IT RESOLVED THAT this emergency declaration shall be deemed to continue to remain in effect until the end of the 2014 irrigation season, unless terminated earlier by further action of this Board.

PASSED AND ADOPTED this 4th day of February 2014, by the Board of Directors of the Merced Irrigation District, by the following vote:

Ayes:	Directors:	Koehn, Long, Pellissier, Gonzalves, Pimentel
Noes:	Directors:	None
Abstain:	Directors:	None
Absent:	Directors:	None



Tim Pellissier
President
Merced Irrigation District



Dave Long
Vice President/Secretary
Merced Irrigation District

Merced Integrated Regional Water Management Drought Grant Proposal



Appendix 2-5

LGCSD Resolution No. 14-01 (Drought Declaration)

RESOLUTION NO 14-01

**A RESOLUTION DECLARING A WATER SHORTAGE EMERGENCY
AND ORDERING THE IMPLEMENTATION OF
WATER SHORTAGE LEVEL 3 REGULATIONS**

WHEREAS, the only source of water available to the District is ground water, which is pumped from wells owned, operated and maintained by the District;

WHEREAS, several of the District's wells are showing signs that they need to be replaced;

WHEREAS, the State of California's standards for materials which occur naturally in the District's ground water and growing steadily more demanding so that some water which has been considered potable in the past is no longer considered potable unless it is treated to remove certain naturally occurring substances;

WHEREAS, the District cannot drill, develop and bring on line water wells quickly enough to meet the growing demand of the District's customers, as old wells produce less and less water;

WHEREAS, the ordinary demands and requirements of water consumers cannot be satisfied without depleting the water supply of the District to the extent that there is insufficient water for human consumption and sanitation as well as fire protection;

WHEREAS, the Board of Directors has determined that, when certain rules for the use of water are followed, the demand on the District's water system is not nearly as high as when those rules are not followed;

WHEREAS, on June 5, 2008, the Board of Directors adopted Ordinance No. 08-01, establishing water conservation regulations, which went into effect on July 5, 2008;

WHEREAS, California is presently in an historic drought and the District's water supply may not be sufficient to meet all of the needs of the community it serves and specifically cannot meet the need for water for fire protection;

WHEREAS, the Board of Directors held a public hearing to consider proposed water conservation regulations on March 6, 2014.

NOW, THEREFORE be it resolved by the Board of Directors of Le Grand Community Services District as follows:

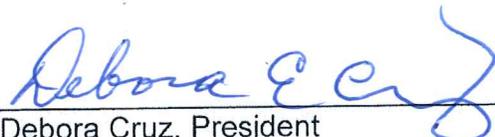
1. The Board finds that:
 - a. The findings set forth above are true;
 - b. The purpose of such regulations is to conserve the limited supply of water for the greatest public benefit with particular regard to domestic use, sanitation, and fire protection.
 - c. It is the intent of the Board that all such regulations be applied in an even handed manner to everyone who uses water supplied by the District.
2. The Board declares, pursuant to Water Code Section 350, that a water shortage emergency exists.
3. The Board hereby directs District staff to implement those regulations set out in District Policy subsection 1060.4, "Water Shortage Level 3".
4. This resolution shall go into effect from the date of its adoption.

I hereby certify that the foregoing resolution was duly and regularly passed and adopted by the Board of Directors of the Le Grand Community Services District at its meeting on March 6, 2014, by the following vote:

Ayes: Deborah Cruz, Leonel Villareal, Michael Moroni

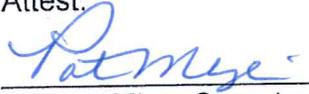
Noes: None

Absent: Bob Giampoli



Debora Cruz, President

Attest:



Patricia Mize, Secretary

1060.3.4 The addition of water above the minimum level necessary to comply with health or operational requirements for pool, hot tub or jacuzzi circulation, public or private is prohibited.

1060.3.5 Car washing is allowed only with the use of self-closing “trigger” spray nozzles.

1060.4 Water Shortage Level 3: Should the Board of Directors of the District determine that there is a greater scarcity of water available to the District than would warrant a Level 2 Water Shortage Emergency, it may declare a Level 3 Water Shortage emergency. If and when it does so, the following regulations apply until the Board determines that the emergency no longer exists. All Level 1 and Level 2 restrictions continue to apply during a Level 3 Water Shortage Emergency.

1060.4.1. The washing of cars and other vehicles is allowed only by using a bucket;

1060.4.2. No water will be added to any pool, hot tub or jacuzzi.

1060.4.3. No washing of commercial sidewalks, driveways filling stations, parking lots or other outdoor surfaces.

1060.4.4. No restrictions are made as to commercial laundromats.

1060.4.5. No restrictions are made as to commercial car washes employing the use of water recycling equipment.

1060.4.6. No restrictions are imposed with regard to “gray”, (reclaimed waste) water.

1060.5 Water Shortage Level 4: Should the Board of Directors of the District determine that there is a severe drought or that it is inadvisable to use the District’s supply of treated water for whatever reason, in addition to the restrictions set forth in Level 1, Level 2 and Level 3, the District may impose specific restrictions and reductions which may include but are not limited to:

1060.5.1. All water uses not required for public health and safety and fire protection are prohibited;

1060.5.2. No lawn and/or landscaping watering or irrigation uses are allowed;

1060.5.3. No recreational uses of water are allowed.

Le Grand Community Services District Policy Handbook

1060.3.4 The addition of water above the minimum level necessary to comply with health or operational requirements for pool, hot tub or jacuzzi circulation, public or private is prohibited.

1060.3.5 Car washing is allowed only with the use of self-closing “trigger” spray nozzles.

1060.4 **Water Shortage Level 3:** Should the Board of Directors of the District determine that there is a greater scarcity of water available to the District than would warrant a Level 2 Water Shortage Emergency, it may declare a Level 3 Water Shortage emergency. If and when it does so, the following regulations apply until the Board determines that the emergency no longer exists. All Level 1 and Level 2 restrictions continue to apply during a Level 3 Water Shortage Emergency.

1060.4.1. The washing of cars and other vehicles is allowed only by using a bucket;

1060.4.2. No water will be added to any pool, hot tub or jacuzzi.

1060.4.3. No washing of commercial sidewalks, driveways filling stations, parking lots or other outdoor surfaces.

1060.4.4. No restrictions are made as to commercial laundromats.

1060.4.5. No restrictions are made as to commercial car washes employing the use of water recycling equipment.

1060.4.6. No restrictions are imposed with regard to “gray”, (reclaimed waste) water.

1060.5 **Water Shortage Level 4:** Should the Board of Directors of the District determine that there is a severe drought or that it is inadvisable to use the District’s supply of treated water for whatever reason, in addition to the restrictions set forth in Level 1, Level 2 and Level 3, the District may impose specific restrictions and reductions which may include but are not limited to:

1060.5.1. All water uses not required for public health and safety and fire protection are prohibited;

1060.5.2. No lawn and/or landscaping watering or irrigation uses are allowed;

1060.5.3. No recreational uses of water are allowed.

Le Grand Community Services District Policy Handbook

Merced Integrated Regional Water Management Drought Grant Proposal



Appendix 2-6

MID Resolution 2014-14 (Rule 6.6 Revisions)

**MERCED IRRIGATION DISTRICT
RESOLUTION NO. 2014-14**

**RESOLUTION MAKING CHANGES TO MERCED IRRIGATION DISTRICT RULES AND REGULATIONS
REGARDING UNAUTHORIZED USE OF WATER**

WHEREAS, the Board of Directors for the Merced Irrigation District (the "Board" and "District", respectively) has previously adopted Rules and Regulations Governing the Use of District Water ("Rules");

WHEREAS, Rule 6.6 of the Rules provides that, among other things, the first time use of the District's water without the District's permission shall result in an additional charge, for the water taken, at the rate set by the Board for the unauthorized use of water;

WHEREAS, the Board hereby determines it to be in the best interests of the District to adopt updates to Rule 6.6 in order to provide increased deterrence for such actions;

THEREFORE, BE IT RESOLVED THAT the facts contained in the recitals above are true and correct, and the Board so finds and determines.

FURTHER, BE IT RESOLVED THAT the Board of Directors of the Merced Irrigation District, hereby revises Rule 6.6 and sets the rate for water used without District authorization as follows:

- First Time Unauthorized Use: The additional charge for the water taken will be three times the District's in-season water in effect at the time of the unauthorized use for each acre-foot taken, plus one-thousand dollars (\$1,000.00).
- Subsequent Occurrences of Unauthorized Use: Subsequent taking of water without permission shall result in forfeiture of irrigation water for the remainder of the season. The additional charge for the water taken will be three times the District's in-season water in effect at the time of the unauthorized use for each acre-foot taken, plus one-thousand dollars (\$1,000.00).

FURTHER, BE IT RESOLVED THAT all of the other terms and conditions in its Rules and Rule 6.6 shall remain unchanged and in full force and effect.

PASSED AND ADOPTED this 18th day of March 2014, by the Board of Directors of the Merced Irrigation District, by the following vote:

Ayes:	Directors:	Gonzalves, Koehn, Long, Pellissier, Pimentel
Noes:	Directors:	None
Abstain:	Directors:	None
Absent:	Directors:	None



Tim Pellissier
President
Merced Irrigation District



Dave Long
Vice President/Secretary
Merced Irrigation District

Merced Integrated Regional Water Management Drought Grant Proposal



Appendix 2-7

LGCSD Ordinance No. 14-02 (Ordinance Amending Title VIII)

ORDINANCE NO. 4-02

AN ORDINANCE AMENDING TITLE VIII OF THE POLICIES OF
THE LE GRAND COMMUNITY SERVICES DISTRICT
BY ADDING SECTION 8030 THERETO

WHEREAS, the District's policies, as adopted by the Board of Directors of the District do not address the use of the drilling of water wells;

WHEREAS, the District relies on groundwater wells to supply the District's customers with potable water;

WHEREAS, at any given time, there is a limited amount of groundwater underneath the District's property and it is in the best interests of the District's customers that the limited supply of groundwater is protected and preserved for their use;

WHEREAS, the District is harmed by the drilling of water wells within the District's boundaries which draw water from the same underground aquifers as are used by the District's wells;

WHEREAS the District is further harmed by wells which are drilled so close to a District well as to draw contaminated water into the region from which the District's wells draw water;

WHEREAS, the District provides water to all of the property within the District's boundaries and so there should be very little or no need for privately owned wells within the District's boundaries; and

WHEREAS, it is in the best interests of the District that the drilling of wells within the boundaries of the District be subject to regulation by the District.

NOW, THEREFORE be it the Board of Directors of Le Grand Community Services District ordains as follows:

1. The Board finds that the findings set forth above are true;
2. The Board hereby adopts Section 8030 as an amendment of the District's Policy Handbook as that Section is set forth in Attachment A to this ordinance.
3. This change in the District's Policies shall be effective thirty days from the date of adoption of this ordinance.

I hereby certify that the foregoing ordinance was duly and regularly passed and adopted by the Board of Directors of the Le Grand Community Services District at its regular meeting on March 6, 2014, by the following vote:

Ayes: *Debora Cruz, Michael Moeroni, Leonel Villanuel, Vern Walker*

Noes: *NONE*

Absent: *Bob Giampoli*



Debora Cruz, President

Attest:



Patricia Mize, Secretary

Regulation of Drilling Water Wells Within the District

8030 Regulation of Drilling Water Wells Within the District

8030.1 **Definitions:** The following terms are defined for the purpose of this Section 8030 as follows:

8030.1.1 **Supply Well:** A well means of which water is removed to the surface from its natural position in the ground below the surface.

8030.1.2 **Drainage Well:** A well whereby water is returned from the surface to the underground water reservoir.

8030.1.3 **Monitoring Well:** Any well or other excavation for the purpose of monitoring the quality of underground waters of the concentration of contaminants in underground water.

8030.2 **Well Drilling Prohibition:** The drilling or digging of wells within the District, except by the District, for any other purpose than as a drainage well or a monitoring well is hereby prohibited, provided that the District Engineer may issue a permit for the drilling and completion of a well pursuant to the following requirements:

8030.2.1 **Wells Drilled For Domestic, Commercial or Industrial Purposes:** The District Engineer may issue a permit for these purposes for a temporary use only and only under the following circumstances:

- a. District water mains are not in place adjacent to the property involved;
- b. The District Engineer has determined that it is not economically feasible or desirable to extend the District's water mains to serve the property at the time the request for service is made by the owner or lessee; and
- c. The owner or lessee of the property has executed an agreement for the discontinuance of the use of the well and the capping of the well upon notice by the District Engineer. Such notice shall be given immediately following installation of water mains adjacent to the property on which the well has been drilled.

8030.2.2 **Existing Wells:** The District Engineer may issue a permit for the drilling of a supply well to replace an existing well or to deepen an existing well

Le Grand Community Services District Policy Handbook

supplying water for industrial or agricultural purposes, when, in the determination of the District Engineer, the existing well which heretofore has served such purposes has become impaired and unusable, providing such well shall be permanently capped and closed.

8030.2.3 **Standard Conditions:** Any permit issued by the District Engineer pursuant to this Section 8030, shall contain standard conditions promulgated by the District Engineer. Among these standard conditions will be the need for (1) a well drilling permit issued by the County of Merced unless the District Engineer determines that no County permit is required by the County and (2) the installation of a device to prevent back flow from the well permitted into the District's water supply and delivery system.

8030.2.4 **Additional Conditions:** Notwithstanding the foregoing, nothing in this Section 8030 shall be interpreted as prohibiting the District Engineer from imposing such conditions on the issuance of a permit hereunder so as to provide adequate protection of the public's health and safety.

8030.2.5 **Board Actions:** Notwithstanding the foregoing, nothing in this Section 8030 shall be interpreted as prohibiting the District's Board of Directors from issuing permits for the drilling of wells.

8030.3 **Enforcement:** The Board of Directors hereby declares that any well drilled within the District's boundaries after the effective date of the adoption of this section 8030, if not in compliance with the terms of this section 8030, is a public nuisance and the District's attorney's fees incurred to abate that nuisance shall become a lien on the land on which the well is drilled. In addition to the District's legal remedies for abating a public nuisance, this section 8030 shall be enforceable using the remedies set forth in Title X of this Policy Handbook.

8030.4 **Applicability of District Development Improvement Standards:** The District's Development Improvement Standards set forth in Title VI of this Policy Handbook shall apply.

Le Grand Community Services District Policy Handbook