

WATER



2015 ONE VOICE DELEGATION

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WATER

Water is the lifeblood of the San Joaquin Valley – one of the most agriculturally rich regions in the nation. An adequate, diverse water supply is critical to all aspects of life in the region, in order to support our regional ag economy, provide for future economic growth, and to maintain a reliable source for our urban and rural communities.

The Problem: The current supply of available water in California is woefully inadequate. The state has been severely impacted by the current multi-year drought and subsequent reductions to its water supplies used for both municipal and agricultural farming operations. Without precipitation, surface water is rapidly depleting and groundwater is being pulled from the ground faster than it is recharging. Lake McClure in eastern Merced County remains at 9% capacity and will provide no water to eastern Merced County this year. The west side of the county is dependent on federal and state water contracts and anticipates receiving zero allocation of water in 2015.



Left: Lake McClure in 2014; Right: Lake McClure in 2011

The Impact: As the region braces to survive a fourth consecutive drought year, Merced County is reeling from its impacts. Agriculture is Merced County's top industry, generating about \$3 billion in raw-product value annually. As its largest employer, production agriculture employs about a fifth of the county's residents, with more than 30% in ag-related jobs. Without water, job loss continues to rise as thousands of acres of ag land are being fallowed. As production declines, the price of California's agricultural commodities will increase in markets across the country.

Without an adequate supply of surface water, groundwater is being pumped from the San Joaquin Valley at an unsustainable rate causing Merced County's land surface to sink. In some areas, land dropped more than 21 inches in just two years and continues to sink at a rate of nearly 1 foot per year. Known as subsidence, this trend is an alarming threat to economically vital infrastructure like canals, roads, dams, railroads, pipes and bridges. This is especially concerning due to permanent damage caused to the aquifer when subsidence occurs.

The Solution: Responding to the current water crisis requires action and leadership at the federal, state and local levels. In addition to conservation efforts, a successful approach must include additional storage as the failure to increase water supplies in California will jeopardize America's breadbasket and the state's trillion-dollar economy.

- **What is the state of California doing?** Recognizing that water is a pressing issue for all Californians, voters approved Proposition 1B in 2014. Currently, Governor Brown and the State Legislature are working together to expedite bond funding for conservation efforts. Additionally, the Governor recently called for 25% reduction in potable urban water use. Curtailments to agriculture use have been occurring for several years.
- **What are we doing locally?** Merced County continues to explore and implement measures to conserve and manage surface and groundwater supplies through innovative strategies and program adjustments. Most recently, the Merced County Board of Supervisors adopted an ordinance to manage groundwater supplies through a permitting process. In 2014 the state enacted the Sustainable Groundwater Management Act, placing the burden of managing groundwater sustainability on local agencies. Under the law, local agencies are required to adopt a Groundwater Management Plan by 2020.
- **What can the federal government do?** Federal authority and resources are key elements to successfully addressing the existing water crisis in California, and to prevent similar crises in future years. A comprehensive solution that addresses the immediate need for increased water supplies and provides for additional water storage for future years, is paramount to the future of the San Joaquin Valley, the state of California and the nation.

Increase current water supplies by relieving operational constraints that severely limit water supply movement through both state and federal pumping stations. In addition, funding is needed to develop much needed water treatment infrastructure in rural communities.

Increase water storage capacity at Lake McClure and construct additional water supply reliability projects that would enhance regional water conveyance, improve ground water storage and reduce groundwater over drafting. Lake McClure is a locally owned and operated reservoir that supplies water to 2200 growers and provides groundwater recharge to eastern Merced County.

Provide immediate drought relief assistance in the form of funding for local and federal loan and grant programs. Several existing federal programs designed to provide assistance are not delivering resources to our drought-stricken area due to current eligibility requirements.

LOCAL PROJECTS

Dos Palos Water Plant:

Secure funding to begin the development of a new municipal water plant for the City of Dos Palos and surrounding rural communities. Total project cost: \$6 million.

Lake McClure Storage

Enhancement: Increase available storage through improvements to operating requirements for diverting and storing inflow to the lake, and/or physically modifying New Exchequer Dam's gated spillway.

Dry Well Replacement

Program: Identify \$500,000 in seed funding to implement a county operated low-interest loan program for the replacement of private, residential wells.

USDA Drought Assistance for Rural Homeowners

Programs: Modify eligibility qualifications for Section 502 and Section 504 in order to provide well replacement resources to homeowners in greatest need.

Merced Streams Project:

Provide \$1.5 million from the Army Corps of Engineers for the completion of a feasibility study for the Black Rascal Creek Flood Control Project.

TRANSPORTATION

Certainty and stability of funding sources are critical to efficiently and effectively planning and implementing investments in a multi-modal regional transportation system. Our region strongly supports the development and passage of a six-year **Surface Transportation Reauthorization** bill that identifies adequate funding sources for all modes of transportation.

Summary of Policies, Investments and Programs

- Preserve the Transportation Investment Generating Economic Recovery (TIGER) program
- Maintain funding for the Congestion Mitigation Air Quality (CMAQ) Program
- Invest in multimodal goods movement systems, corridors and projects
- Preserve the Transportation Alternatives Program (TAP)
- Direct adequate investment to rebuilding and maintaining existing transportation infrastructure
- Develop a national freight program with a dedicated funding source
- Preserve the MPO structure and maintain the current population threshold

Transportation Investment Generating Economic Recovery (TIGER) – While our region has not received an award from this program since its inception in 2009, competitive grant programs are important tools to fund projects of regional significance in rural disadvantaged communities such as ours. In particular, the stipulation that no less than 20% of the funds provided will be awarded to projects located in rural areas is of particular importance and should be maintained as a requirement in all future rounds. This year, our region will once again submit an application for the **Campus Parkway Project*** that will provide access to employment and educational centers including the University of California, Merced campus, and will cater to bicyclist and ridesharing travelers. This project is located in a rural disadvantaged community and is a local and regional priority project.

Congestion Mitigation Air Quality (CMAQ)

Program – CMAQ funding is a key funding source for programs and projects in the Merced County region that contribute to attainment and/or maintenance of national air quality standards.

CAMPUS PARKWAY

Support the \$10 million TIGER grant application for the construction of phase 2 of the Campus Parkway project. This is a three phase project that involves the construction of 4.5 miles of new expressway from State Route 99, connecting State Route 140 and extending to Yosemite Avenue in Merced. Design and right-of-way are fully funded for the entire project. Phase 1 has been constructed. This application requests \$10 million to help fund the construction of phase 2 which will continue the expressway to State Route 140.

Goods Movement - The San Joaquin Valley is California's geographic and agricultural production center, and its main source of exports. The region generates more than \$35 billion in agricultural products each year, and plays a major role in the national and international distribution of processed foods and energy products. To help accommodate the growth in goods movement demand, the region developed the San Joaquin Valley Interregional Goods Movement Plan that includes strategies for improving the environmental performance of goods movement in the San Joaquin Valley. In that plan, the State Route 152 Los Banos Bypass project is identified as a critical east-west connector project that would enhance the region's goods movement system, increase safety and ease air quality impacts. In addition, the need for a national freight program with an independent, dedicated funding source is identified as a key federal priority.

LOS BANOS BYPASS

Identify \$8 million to purchase right-of-way for the first segment of the nationally significant east-west goods movement corridor.

Segment 1: \$44 million

Total project: \$230 million

Transportation Alternatives Program (TAP)

- Since its creation with MAP-21 in 2012, the Transportation Alternatives Program (TAP) has provided funding to California's State Active Transportation Program (ATP). The federal contribution to this program is essential to funding much needed pedestrian, bicycle, and Safe Routes to School projects in our region. Last year, the City of Merced and Merced County were each awarded ATP funds totaling more than \$2.7 million. These projects provided local residents with off-street bike and pedestrian access to employment and shopping districts in an area that had limited access due to railroad, creek and state highway barriers; and a complete street upgrade in an unincorporated community that enhanced functionality for bike and pedestrian use and improved crossings near the local elementary school.

Support Existing Transportation Infrastructure - More resources are needed to maintain and rebuild existing transportation infrastructure. Keeping up with maintenance reduces costs in the future, supports the economy and creates jobs. Priority should be given to preserving the existing system of roadways, bridges, buses, railroads,



ports and airports. According to a 2014 report, the average road in Merced County is at risk of needing major reconstruction work. The countywide need for maintenance is much greater than existing sources of revenues. This has been true for many years, resulting in a growing backlog of maintenance. The longer the situation persists, the more it will cost to catch up.

ECONOMIC DEVELOPMENT

Merced County is a rural region of nearly two-thousand square miles and 266,353 residents. It is challenged with inadequate and deteriorating infrastructure, a largely unskilled workforce, and insufficient resources following the dissolution of state redevelopment agencies and other key programs in recent years. However, the region is ripe with opportunity for business relocation and expansion, as well as, collaboration with UC Merced to support innovation and entrepreneurship, particularly in regard to the reuse of the former Castle Air Force Base facility.

Invest in Existing Infrastructure

○ Castle Utility Mapping and Infrastructure Improvements (\$1 million)*

Merced County is committed to developing the former Castle Air Force Base into a commercial hub for the region. As part of the Master Plan for Castle Commerce Center and Castle Airport, mapping the above-ground and underground infrastructure and investing in specific infrastructure improvements are necessary to allow for proper development and to fully realize the economic potential of the site.



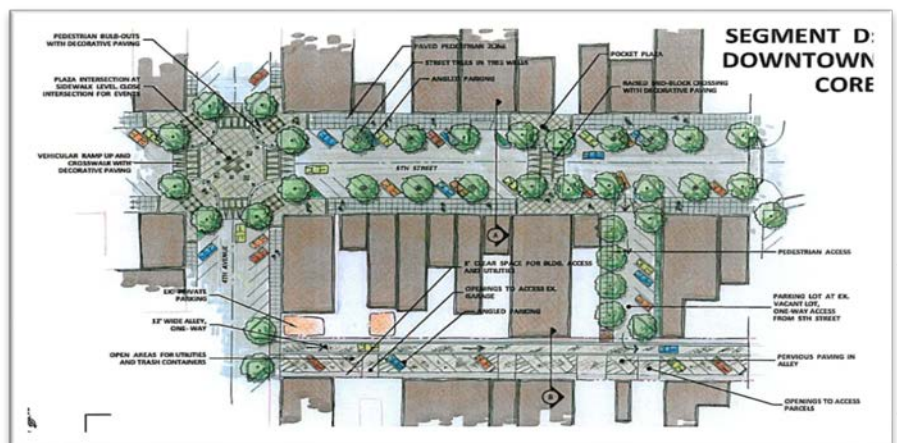
Aerial: Former Castle AFB

○ Airport Industrial Park Connectivity (\$1.7 million)*

The City of Merced's Airport Industrial Park is home to a number of well established businesses struggling with inadequate connectivity that has become an impediment to facility expansions, business growth and being more competitive in their respective markets. In order to facilitate the opportunity for industrial clients to grow, the City is proposing a four phase project to provide fiber optic cable to the industrial park thereby enhancing economic competitiveness, job growth and business expansion.

○ Downtown Revitalization Project (\$7.4 million)*

The City of Gustine's downtown is in severe need of investment. It is estimated that no major infrastructure upgrades have been made to the area in over 30 years, leaving downtown severely neglected, and outdated by current engineering and ADA standards. Investing in Main Street would improve downtown commercial occupancy rates, create a walkable city center, and increase property values in the area.



Downtown Gustine Project Rendering

*Fact Sheet Available

Support Innovation and Entrepreneurship

As Merced County's ag-based economy continues to diversify into more technology based industries, our region needs the capacity and resources to support the development of new ideas and businesses locally. With the University of California, Merced and Merced College producing talented and innovative graduates every year, it is especially important that we are able to offer start-up support services for entrepreneurs in order to retain graduates, develop new businesses, create jobs and increase economic activity in the region.



UC Merced

Locally, we continue to explore collaborative opportunities to support current and prospective business owners, as well as, foster an environment that supports emerging ideas at our local educational institutions. An exciting example is the **UC Merced Venture Lab** which is a cooperative

economic development project between UC Merced, the City of Merced, and the UC Merced Small Business Development Center (SBDC) that is scheduled to launch in July 2015. The lab will undoubtedly accelerate the process of new venture creation in the region by:

- Teaching students the art of entrepreneurship and connect them with mentors and resources;
- Leveraging the innovations being developed by researchers at UC Merced and assist faculty with the start-up process, and;
- Providing a local resource for community members who want to start a new business or get help with an existing one through the services and network of the SBDC.

Streamline NEPA

Streamlining project delivery for federally funded projects could be achieved by deeming the federal requirements of the National Environmental Protection Act (NEPA) to be satisfied with the completion of the California Environmental Quality Protection Act (CEQA) for the construction of projects in California. Given the more stringent procedures required under CEQA, the duplication of the process involved in completing both NEPA and CEQA reviews is costly and an inefficient use of taxpayer dollars. NEPA requirements are functionally equivalent to the CEQA requirements and implementing both processes has placed an undue burden on agencies and local governments working to meet the needs of an economically distressed region. A streamlined process would result in quicker project delivery, a more efficient use of taxpayer dollars, while providing the same level of protection for the environment.

COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

The 2014 Merced County CEDS established three goals for the region:

Grow Our Economy –
Create jobs for local residents by expanding and attracting new business to Merced County.

Enhance Our Competitiveness –
Mitigate infrastructure constraints, and build a “location ready” and fast tracking process.

Develop Our Talent –
Build a “work-ready” labor force, collaborate for business-driven education, and link higher education industry-occupation focus with business development opportunities.

MERCED COUNTY,

California



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